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ABSTRACT

The conference dealt with several aspects of the finance problems, such as the theoretical and technical aspects of school finance program design, the development of theory and techniques for working with legislative bodies and with the electorate on school support proposals, and the development of a sound partnership among the governmental units that share the responsibility for school support. The 18 papers which comprise this volume are grouped under four major headings. The first group of papers concern themselves primarily with an identification of the fiscal problems of today's schools. The next group of authors discuss the fiscal structure of schools. The political processes of working with State and local legislative bodies are examined next by a third group of authors. This section also includes papers that deal with an identification of the roles of teachers and school boards in this process. Two final papers outline the structure of intergovernmental fiscal cooperation. (Author/DN)

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A Financial Program for Today's Schools

Sponsored by the Committee on Educational Finance
National Education Association
1201 Sixteenth Street, Northwest, Washington, D. C. 20036

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FOREWORD

THE Committee on Educational Finance of the National Education Association is privileged to sponsor the Seventh National Conference on School Finance and to make the proceedings of the conference available to students and practitioners in school finance. The viewpoints expressed in the papers which comprise the proceedings are those of the individual authors and do not necessarily reflect the views of the Committee or of the National Education Association.

The Seventh National Conference on School Finance dealt with several aspects of the problems of financing today's schools: the theoretical and technical aspects of design of a school finance program; the development of theory and techniques for working with legislative bodies and with the electorate on school support proposals; and the development of a sound partnership among the governmental units that share the responsibility for school support.

The papers which comprise this volume of proceedings are grouped by major subject. Part I is concerned primarily with an identification of the fiscal problems of today's schools. Part II is concerned with modernizing the fiscal structure of schools. Part III examines the political processes of working with state and local legislative bodies and with the electorate. Part III also includes the papers which deal with an identification of the role of teachers and of school boards in this process. Part IV outlines the structure of intergovernmental fiscal cooperation.

This year 197 leaders in school finance attended the conference. Most of the participants represented state education associations, the state departments of education and the U. S. Office of Education, and university professors of school administration and finance.

The Committee takes this opportunity to express its appreciation to the speakers for the high quality of their presentations and for the careful preparation of manuscripts for the proceedings. The Committee is also grateful to the participants who have attended over the years and who have forwarded to us suggestions for improving the Conference.

The Committee is indebted to Frank W. Hubbard, NEA assistant executive secretary for information services, and to Sam M. Lambert, NEA director of research, for assistance and counsel given in each of the seven conferences in this series.

A special note of appreciation is extended to Victor O. Hornbostel, former assistant director of the Research

Division and now associate professor at Oklahoma State University, for his contribution in the organization and planning of this series of conferences.

The Committee also expresses appreciation to staff members of the NEA Research Division for help in planning and organizing the conference and in preparing this report: Jean M. Flanigan, assistant director; Frances L. Smith, secretary; Beatrice Crump Lee, publications editor; Valdeane Rice, administrative assistant; Wally Anne Sliter, chief of the typing-production section; and Ruth Ford, editor for the Committee.

Erick L. Lindman, Chairman
NEA Committee on Educational Finance

Greetings from the NEA

Robert H. Wyatt, President
National Education Association

I AM delighted to welcome you to this Seventh Annual Conference on School Finance in the name of the National Education Association and the NEA Committee on Educational Finance.

These yearly conferences on school finance are some of the best among many conferences the NEA sponsors. Conferences such as this one have long been an important part of the NEA program. This bringing together of leaders in the teaching profession to focus their attention on problems of consequence to schools has been one of the most productive phases of NEA's work.

A high percent of the really significant documents in educational literature have emerged from conferences such as those of the famous Committee of Ten, the Committee of Fifteen, and, of course, from the Educational Policies Commission. During the last six or seven years the proceedings of these national conferences on school finance have won a high place in the current literature on educational finance.

Again, I shall say that I am happy to be here with you at this conference. I wish you well in your deliberations. I hope that from our gathering here something new, constructive, and stimulating will come.

PART ONE

Today's Schools

Erick L. Lindman — *Outlook for Public School Finance: 1964* 10

Wayne Morse — *Federal Support for Education—Now and in the Future* 17

L. L. Ecker-Racz — *How the School Board Member Sees It.* 25

Theodore W. Schultz — *Some Economic Issues in Improving the Quality in Education* 32

Eugene P. McLoone and Forrest W. Harrison — *New Studies in School Finance and Their Implications* 38

Outlook for Public School Finance, 1964

Erick L. Lindman

THE outlook for educational finance during the ensuing year is conditioned by some basic trends. Among the trends most likely to affect school finance developments next year are:

- School enrollments are expected to continue to increase, with greater percentage gains in high schools and junior colleges where costs are higher. Financing the flourishing public junior college system along with increased enrollments in secondary schools will strain present tax revenue sources. Indeed, an intensive effort to divert the tidal wave of unskilled teenage workers from the glutted labor market may engulf secondary school and junior college facilities.
- The coming year is expected to be one of high economic activity and rising prosperity for individuals and businesses, providing the economic base for increased school revenues. But it may be a year in which inflation is difficult to control and, if so, school revenues may lag behind.
- Demands for improvement in the quality of education are expected to continue but with more emphasis upon vocational education and upon compensatory education for those who have special need for it.
- Summer school enrollments are expected to increase rapidly as the educational potential of the summer school is more fully realized.
- State legislative bodies, irritated by mounting pressures for bigger school appropriations and by criticism of school instructional programs, may impose new controls which go too far and become straight jackets upon local school systems.
- Strong pressures may develop within the federal government to use schools to aid in solving national problems. Indeed, school teachers may become the shock troops in the war on poverty.
- Demands will increase for adjustments in state and federal aid programs to recognize the peculiar problems and needs of large city school systems.
- Improvements are needed in methods of presenting to legislative bodies the relationship between the amount needed to finance a state support formula and the quality of education which the formula will insure.

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- Improvements are also needed in incentive type aid to overcome its weaknesses and to gain the advantages of its flexibility.

These trends will affect in various ways school finance developments in the year ahead at the federal, state, and local levels, perhaps modifying the established roles of each level of government in the financing of education.

The Federal Role

The role of the federal government is a matter of concern to all of us and is perhaps most in need of clarification. Federal contribution to education are of four distinct types, each of which contributes to the role, or potential role, of the federal government in educational finance. First, there are the well-known categorical grants to finance in part selected aspects of education. These grants are not really aids to education; they are more correctly described as efforts to enlist the services of educational institutions to solve national problems. For example, the Morrill Act of 1862 was enacted to strengthen the agricultural component of our economy, not to aid the then nonexistent colleges of agriculture and mechanical arts. A more recent illustration is the National Defense Education Act, the very name of which emphasizes its relationship to national defense. Indeed, these and other categorical grants are intended to utilize the resources of schools and colleges in pursuit of a national purpose. Aid to the ongoing educational program of states and school districts is incidental in most categorical grant programs.

Second, there are federal payments to provide relief to communities burdened by federal activities or deprived of normal revenues by the tax-exempt status of federal property. Although Public Laws 874 and 815 are the best known examples of this type of aid, federal payments to counties which contain federal forests, grazing lands, or mineral deposits are earlier examples. These federal payments are not categorical grants; they are available for any aspect of the school program.

Third, there are federal payments to finance research and leadership activities intended to provide knowledge needed to improve education. The United States Office of Education Cooperative Research Program is the best known illustration of this type of federal aid to education.

Finally, there is the concept of general support in which the central purpose of the federal payment is to strengthen and equalize support for the ongoing public school programs of the several states. Despite strong support for such legislation, this form of federal participation has not been approved by the United States Congress in recent years. Indeed, the best example is the original Public School Land Grant, enacted by the Congress early in the history of our country.

Each of these four types of federal participation in educational finance has a distinct purpose. Arguments for or against one type of aid are usually not equally applicable to others. Similarly, administrative arrangements suitable for one type of aid are often inappropriate for another. For example, the practice of including federal receipts as local funds available to finance the state's foundation program is consistent with the purposes of Public Law 874, but not with the purposes of the National Defense Education Act. One is offered as a substitute for local property taxes while the other is intended to promote selected aspects of educational programs.

It is not likely that the federal government will discontinue its interest in categorical grants in the immediate future. On the contrary, the war upon poverty may add to the present list. The prospect of continued and perhaps expanded use of categorical grants calls for carefully developed plans to make such grants most effective. To mesh the complex fiscal gears of the federal government with those of 50 different states and thousands of local school districts to produce an efficient program calls for some engineering skills not yet developed. The problem is essentially one of satisfying congressional concern about program emphasis and efficiency without imposing cumbersome operational restraints upon school districts.

Although much has been done to develop guiding principles for state school foundation programs, very little has been done to develop guiding principles for state plans to administer federal categorical aids. A few years ago I was informed about a state in which the staff of the state board for vocational education carefully and laboriously computed the amounts of state and federal vocational funds to which each local school district was entitled. After their labors were complete and the payments made, the administrator of the state's school foundation program, occupying another office in the same building, deducted these exact amounts as local funds available in the computation of the state school equalization payments due these same school districts. The net effect of such a procedure was of course to nullify completely the allocation procedures under the state plan for vocational education. The procedures in this state have since been modified, and I relate this incident merely to indicate the nature of the problems involved in gearing federal contributions to state and local financial arrangements.

Another excellent illustration of the problem can be found in Public Laws 874 and 815. One of the fundamental problems encountered in the development of this legislation grew out of the great variety of school district organization patterns in the several states. The problem was essentially to make the federal entitlements independent of school district organization. This policy was adopted to avoid a situation in which states might be tempted to alter school district boundaries to maximize federal entitlements, and to avoid favoring either small district or county unit states.

Another fundamental policy of this legislation is that the aid should follow the child. Accordingly if a child lives in one school district and his father is employed on federal property located in a neighboring school district, a federal entitlement accrues to the district in which the child attends school even though there is no federal tax-exempt property in that district.

Investigators have been discovering this "anomaly" in Public Law 874 from time to time ever since it was enacted. To one who is not familiar with the problem of gearing federal legislation to 50 independent states with basically different fiscal and organizational arrangements for public schools, this feature is truly an anomaly, but to school administrators who have lived with the problem of school district organization for most of their professional lives, this arrangement makes sense.

These are illustrations of the problems and issues in school finance which are expected to grow in importance during the immediate future. They indicate areas where research and creative development are needed as the traditional state-local partnership to finance public schools becomes a state-local-federal partnership.

Local School Finance

Turning now to local school finance, we see that the basic problems are not new, but increasing enrollments and demands for quality improvements have caused more and more school districts to bump their heads against statutory tax rates ceilings and voter resistance. Once this occurs the unique role of local support for public schools is thwarted. Perhaps we have operated schools under these adverse conditions so long that we have forgotten what this unique role is. It may be briefly described as follows: After all other revenues are estimated, the property tax rate is adjusted to balance the budget, and this tax rate becomes the measuring rod against which marginal items in the budget are considered.

The extent to which the local property tax plays this role effectively varies from state to state. For example, in Utah the legislature places an absolute ceiling upon school property tax rates. In recent years many of the larger school districts have reached that ceiling and thus the local property tax could no longer play its unique role in school finance. This probably explains in part why the recent "sanction" threat in Utah was directed against the state legislature and not against local school boards.

During the year ahead, then, efforts will be needed to restore the property tax to its proper place in school finance. These efforts will proceed along three very distinct lines. First, the perennial problem of improving the equity of property assessing will need continued attention. If people are convinced that assessing is unfair, they will resist property taxes in the face of clearly recognized school needs, not because they are against school improvements, but because they are against unfair taxation.

Second, in some states special effort will be needed to avoid excessive burdens upon local property taxation. If this burden, made up of property taxes for schools and other local services, becomes too great, property tax resistance will influence unduly community judgment about school needs.

Third, many states will need to look carefully at the method by which local school property tax rates may be changed so as to give adequate authority to school boards and a workable referendum procedure. These three aspects of local property taxation require continuous attention if the local property tax is to play its proper role in the total school finance system.

State School Support

Most school finance problems converge at the state level. It is here that policies are established governing all funds received by school districts. Various kinds of federal payments must be properly related to the state school support program. It is here that fundamental issues concerning the allocation of the local property tax resources between the state foundation program and local leeway funds are resolved. But the problems of a state school foundation program have been discussed at such great length, at this conference and at preceding conferences, that it is not necessary to review the many complex issues which states face continually in their efforts to improve the school finance program.

But it should be noted that in most states during the ensuing year, school finance programs will be affected by twin pressures upon state legislatures, the quest for economy and that for correction of real or fancied weaknesses in the public school program. Under these twin pressures there may be a tendency for state legislative bodies to try various remedies tending to restrict freedom of action of local school systems.

As state legislative bodies demand a clearer justification for the amounts to be included in state foundation programs, the merits of the "itemized" foundation program, developed largely in the southern states but adopted in modified form in several states north of the Mason-Dixon line and in the west, will probably be given serious consideration in many states which formerly rejected this approach. But it is impossible to generalize on the directions of change which will occur in state school support programs because each state will respond to these new conditions in terms of its own unique history, its own constitutional provisions, and the wisdom of its leadership. At this conference it is perhaps more useful to consider problems and developments which are of common concern to all of us, and the problem of presenting school needs and making more meaningful analysis of school costs is one which we all face.

Program Budgeting

During recent years we have heard much about performance or program budgeting as a means of presenting to decision-making bodies information more relevant to the choices they must make. These efforts are especially timely in the field of education. Educational values and dollar values are difficult to compare, yet the comparison of these two types of values is the essence of school budget-making.

Time and again the school board must compare the educational values of several possible ways of spending a specific amount of money. For example, if the current expense budget of a school system is to be increased by 10 percent, a choice must be made from among several alternative ways of spending the added funds. Will the greatest educational value be obtained by: adding to the elementary school libraries? buying more language laboratories? employing additional counselors? creating more special programs for the gifted? establishing more special programs for the retarded pupils? transporting pupils to schools in different parts of the city to achieve more uniform racial balance? These are but a few of the many possibilities the school board must consider.

Difficult as this choice may be, the problem becomes even more complex when the tax rate dimension is added. Should taxpayers be asked to contribute more so that one or two of these additional educational services can be provided for children and youth in the community? This question calls for a comparison of the value of an educational service on the one hand, and the financial sacrifice of taxpayers on the other.

Still another dimension of complexity is added to the problem when special earmarked state or federal aids are available to support special aspects of the instructional program. For example, during recent years foreign language teaching laboratories have been available to local school districts at half price because Uncle Sam paid the other half of the cost under the National Defense Education Act. Budgetary choices are affected by several kinds of partial reimbursements from external sources.

Although the process of comparing dollar values and educational values cannot be simplified, it can be clarified to a much greater extent by better accounting procedures which show more clearly the effect of earmarked aids upon the budgetary choices and the net cost of partially reimbursed educational programs.

The American voter, tutored in the rugged realities of the market place, is a chronic bargain hunter. With an occasional assist from the Better Business Bureau or the Pure Food and Drug Administration, he holds his own fairly well against the wiles of the American salesmen. To do this he judges the relative worth of similar products selling at different prices and he selects the one which he considers to be the best buy. If he detects no difference in the quality of two products he selects the one with the lower price tag.

In judging the quality of education, subtle differences often elude him and he sees little difference between education which costs $400 per pupil per year and education which costs $500 per pupil per year. If the quality deterioration which tends to accompany low expenditures for education were clearly apparent to the American voter, he would be more inclined to select the higher priced school program.

In a very real sense the school board at budget-making time is preparing a shopping list of educational services to be purchased for the students during the ensuing school year. Unfortunately, the shopping list is couched in technical accounting language, developed and standardized during the past half century, which gives to legislative bodies and taxpayers only a vague idea about the school program next year. The official shopping list, the budget, includes such formidable items as: fixed charges, certificated salaries of administration, textbooks, other expensive instruction, debt service, outgoing transfers, et cetera.

This is the official school shopping list prescribed for public schools. It has some good points. It is comparable to the school expenditure classifications used in other states. It is, therefore, possible to determine quite readily if the percent of the total school budget or the amount per pupil allocated for any of these items is more or less than the amount so allocated by other school systems.

This is useful to know, but parents and citizens generally want to know what is new and better about the school program next year. They are interested in such questions as: How much are we spending for guidance and counseling per pupil next year? How does this compare with amounts spent by other school districts? Is our summer school program for gifted children adequate? How does it compare with similar programs in other school systems? How much are we spending for foreign language instruction in the lower grades? How does this program compare with amounts per pupil expended by other school systems for this service?

These questions usually cannot be answered from the official shopping list of the school board. A new kind of program accounting, supplementing the present system, is needed in order to provide the information about such costs. Our budget instrument was adequate for the simple school program of 50 years ago, but it is hardly adequate to describe the complex program of the schools today. It reveals little about the quality or variety of educational services to be provided during the ensuing year.

Why has the public school budget instrument become so out of date? Perhaps the lack of progress arises from the fact that responsibility for accounting in public schools is divided among local districts, state departments of education, and the federal government. It is necessary to have some kind of nationwide uniformity if the accounting plan is to be fully effective. But accounting programs for local school systems are prescribed by the state departments of education; hence it is necessary to obtain action for change by 50 different state departments of education.

Moreover, within the school system the necessary talent to improve the situation is often dispersed among several departments. Too often the experts in fiscal affairs and school accounting are in one department and the experts in instructional planning are in another. The development of an accounting system that actually describes the school program clearly requires the cooperation of both accounting experts and specialists in the instructional program.

In order to provide a meaningful shopping list of educational services to present to a community, a concerted nationwide effort is needed in the field of program accounting. Progress in developing a more understandable school budget is essential if the cost factors of quality education are to be clarified for the American voter when he makes his crucial choices concerning taxes and the public school program.

Federal Support for Education: Now and in the Future

Wayne Morse

WHERE have we been, where are we, and where are we going in the field of educational legislation?

Prediction is a most hazardous business in politics. It is made so in part by the very institutions of government of which we are most proud. A witty state legislator, the late George Woodward of Pennsylvania, once put it this way:

> We all know that it was Thomas Jefferson, or some one of the Fathers who could read French, who read M. Montesquieu's essay on three compartments of government. The Fathers thought it over in English and put it in all our constitutions. It is therefore, customary for the legislative, executive and judicial compartments to abstain from one another's society and to try to misunderstand one another as far as possible. This promotes business in the art of government and adds zest to elections.

So when I discuss with you the various measures we have passed, are currently considering, or hope to enact, I want you to know that I have some biases. In others they would be convictions, but in me they are biases about education which you should allow for. I want you also to discount my inclination to speak highly of the Senate of the United States in the field of educational legislation, because frankly, I think that we have in this last year taken tremendous strides toward meeting some of the problems. The acts themselves may be initially modest, but I surmise they are but the seed bed of greater accomplishment in the future.

What Has Been Done to Date

As you know, the late President sent to the Congress with his 1963 Education Message an omnibus education bill containing some 24 major provisions. I was pleased to introduce the bill, which was co-sponsored by many of my colleagues on the Education Subcommittee, and I conducted some 17 days of hearings upon it last spring. The hearings were opened by my comment that the important thing for the Congress to do was to enact the substance of the President's program without too much regard for the legislative wrapping paper used. As introduced

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The Honorable Wayne Morse is United States Senator from Oregon.

S. 580 (the number assigned in the Senate), was identical with the companion measure H.R. 3000, upon which the House committee took testimony. Since only one Senate subcommittee is involved in education legislation, we had less difficulty with the omnibus approach. The House Committee on Education and Labor found that the contents of the omnibus bill overlapped a number of their subcommittee jurisdictions; hence the bill was broken up by them into separate measures at an early date. Separate hearings were held on these components of the original bill by the appropriate House subcommittees, and from this process there emerged a vocational education bill and a higher education construction bill.

In our subcommittee sessions we took the House-passed measures, rewrote them substantially, passed them through the Senate and went to conference. We also passed a major revision of the Library Services Act under the Senate number 2265, which we sent over to the House, where it was re-worked and passed. Rather than go to conference on that bill, the Senate accepted the amendments and sent the bill to the President. It is now Public Law 88-269.

The higher education bill and the vocational education bill, to which we had added major changes in the National Defense Education Act and an extension of the impacted areas legislation, Public Laws 815 and 874, underwent some pretty hard bargaining in conference. More than once we came very close to losing both bills. From the outset, I had warned the conference that the fate of both bills was interrelated in the Senate and that without the vocational bill, great difficulties would lie in wait for the higher education bill.

What did we get in these major educational advances? For one thing, in the higher education bill, for the first time the government has recognized the construction needs of all institutions of higher education from the community college through the graduate school.

The $179.4 million in categorical matching grants to four-year institutions means that more than $500 million in facilities can be built. The $50.6 million earmarked for public community colleges should generate an additional $126.5 million worth of unrestricted classroom construction and the $60 million a year federal graduate construction grant will add a further $180 million.

The $806.5 million worth of collegiate construction joined to the facility which can be erected by the $120 million a year low-cost loan money in the bill means that almost $1 billion a year can be used to do a part of the job ahead that needs to be done. The magnitude of that task can be judged by the statistic we quoted time and time again in our debate. It is that by 1980, in a little more than 15 years, we need to double the size of every existing college and university and, in addition, to construct 1,000 new institutions of higher education to accommodate in them a student body on the average of 2,500 each.

Indeed, perhaps the least appreciated, but in the long run, perhaps the most important, aspect of the measure was the recognition of the growing importance of the public community college. Twenty-two percent of the grant funds were earmarked for the public community college and technical institutes which last year accommodated almost 28 percent of the first-year students. I hazard a guess that these institutions, which are meeting a pressing need for low-cost, community based introduction to higher education and which in addition, offer training beyond the high school for the many newly developing technical specialties needed by our increasingly automated society, will continue to burgeon. In the future I feel they will be the academic portals through which will go an increasingly larger percentage of our young people.

The concept which many of you in the National Education Association have endorsed, and which is attracting great support from many other segments of our society, that the free public school system should be expanded in this century to encompass at least the first two years of collegiate training will, in my judgment, command the necessary support of the majority of the taxpayers of this country within the next decade. California is blazing the trail which was pioneered by the City of New York. The people of Oregon have adopted a very generous program of combined local and state effort through their legislature.

Federal funds in P.L. 88-204, the Morse-Green Higher Education Facilities Act of 1963, which, since they are on a matching basis, are designed to supplement but not supplant the grass roots financial support, should offer more areas the encouragement and incentive needed to get started.

As you are all aware, one of our most difficult problems in passing educational legislation is the resolution of the church-state controversy which seems always to develop. In the Morse-Green Act, we feel that we have worked out a formula—so far as higher education is concerned—with which we can live. It is based upon the Article I power granted in the Constitution of the United States to the Congress: ". . . To lay and collect Taxes . . . to pay Debts and provide for the Common Defence and general Welfare of the United States.

Although a good case could probably be made for basing the legislation solely upon the "general welfare" part of the clause—and I, for one, would very much like to see the Supreme Court breathe into that clause the scope of meaning I feel it legitimately contains—as a lawyer and teacher for some few years of constitutional law, I felt that we were buttressed in our categorical grant position by the "common Defence" power, since the categories of construction we covered for the private and church-related schools were the mathematical, scientific, engineering, modern foreign language and library areas, most of which are parellel with the categories of the National Defense Education Act of 1958, Title III provisions, or as in the case of the one-third matching grant for libraries, closely related to these fields. The graduate school grants are justified on the basis that they produce the teachers of our scientists, mathematicians, engineers, and language specialists. As you know, the act also contains specific prohibitions against the construction with federal funds of facilities to be used in connection with the program of a school or department of divinity.

Be that as it may, this whole area is a muddled and grey area of our constitutional law. It should be clarified, but only the Supreme Court can speak with finality on these points. I am hopeful that the Maryland case which was instituted by the Horace Mann League can bring us into the legal light of day through a clear and precise decision on the point. My own bill for judicial review, which would accomplish the same purpose, is pending before the Judiciary Committee. Since Senator Ervin, who serves on that Committee, has also deep convictions on this matter which I honor though I cannot share, I feel confident that the bill will be brought to hearing, as will, I trust, the companion measure which was introduced by Representative Green in the House and is now before Representative Cellar's committee.

Vitally important as was the higher education bill, to my mind the fourfold expansion of the vocational education programs under federal financing will have greater impact. In particular, the re-definition of the term "vocational education" to include "training or retraining which is given in schools or classes . . . under public supervision and control . . . and is conducted as part of a program designed to fit individuals for gainful employment as semiskilled or skilled workers or technicians in recognized occupations (including any program designed to fit individuals for gainful employment in business and office occupations, . . .)" will in my judgment lead to a wholesale reevaluation by the secondary school authorities of their present vocational programs.

This is a permanent and continuing program. The $225 million annually which will go into it by fiscal year 1968 is to be matched 50-50. At present slightly more than $50 million is expended annually by the federal government for the limited vocational programs authorized under prior legislation. Thus you can see that for this new program at least $550 to $600 million for programs and construction of area vocational schools will be flowing into our great public school plants throughout the country. Here, too, the junior and community college which can qualify as an area vocation school will find a source of revenue to supplement but not supplant the local and state effort.

Why do I think that the Morse-Perkins Vocational Act is of such great importance? Because I believe it will start young men and women seriously thinking about their future in an automated society while they are still in high school.

We know that scientists and engineers feel that there should be about four technicians providing each professional man with the necessary back-up services. Currently, according to testimony we received, the ratio now is more like one to one. The National Science Foundation publication, "Scientists, Engineers, and Technicians in the 1960's—Requirements and Supply," states: ". . . in recent years the available supply of well trained technicians appears to have fallen short of meeting the demand for these workers. With the large increases in demand anticipated in the decade of the 1960's, it seems fairly certain that the number of technicians being formally trained will continued to be much smaller than the number required."

We will need about 700,000 new technicians, the report estimates, in the ten-year period which will end in 1970. We won't get them unless and until training programs both on the job and in our schools are expanded. The Vocational Education Act of 1963, carrying as it does, substantial sums—10 percent of the appropriation—for research and demonstration projects should revitalize the existing curriculum and give to this extremely important field of educational activity the same type of a thrust forward given to the mathematics, science, and modern foreign language field by the National Defense Education Act of 1958.

The National Education Association has had an automation project which has done excellent work. You are familiar, therefore, with the problems which flow from this technological revolution we are going through which we term automation.

If, as Secretary Willard Wirtz has said, we are losing each year two million jobs through automation, it is plain that we need as quickly as possible to restructure our preparation of young people so that they can enter into American life ready to work in jobs that will be there when they come out.

I have mentioned my biases. One of the biggest of them is against allowing our young people to become unemployable. Not unemployed—that presupposes the possession of skills which can be used, and will be used when a job is located. No, when I talk about the pool of unemployability, I refer to the dropout who did not acquire the necessary skills, or the person whose skills will never again be needed.

The human and societal waste involved in unemployability is morally shocking and politically indefensible. We have a mutual obligation, you and I, to see to it that our efforts, yours to educate and ours to finance your work, will result in training with meaning and relevance to the remaining decades of this century. If objections are raised to this on the basis of the cost, I say that our cash investment in the boys and girls of America is the soundest possible investment and one which will bring a return a thousand fold. Not only is our course right and far-sighted; it is also in cold cash terms a very sound investment with high return.

John F. Morse, formerly vice-president of Rensselaer Polytechnic Institute and currently Director of the Commission on Federal Relations of the American Council on Education, in an article published last winter in the *Journal of the Association of College Admission Counselors* entitled "They Do Not Serve Who Only Stand and Wait," said that "only once in our history, and that for a fairly short period of time, have we come close to achieving the Jeffersonian dream of providing education for all as far as their talents would take them." Dr. Morse was speaking of the two GI bills which did so much to help almost eight million young Americans realize their talents through education. He says in his article:

> Almost eight million young people went on with their education at levels

appropriate to their ability and pursued programs which cannot fail to have lifted their sights and developed their talents to a far higher level than could otherwise have been achieved. The youngsters of yesterday who were educated under this program are now in their early- and mid-forties. In this age of youth, they are the leaders in virtually every field of human endeavor.

Have you ever wondered where this nation would be if it had not been for this tremendous, almost revolutionary program of a generation ago? Last year I assembled from the relatively small number of documents and reports in my office on the Hill over forty pages of short quotations from speeches and other public statements deploring the shortage of trained people in almost every conceivable field. I wonder what those shortages would have been like without the GI bills. Or to put it another way, I wonder whether we would have known we had shortages. Is it not possible that the technological revolution and the industrial development through which we have passed and are passing has been the very creation of those whom we trained a generation ago?[1]

Work in Progress

I am sold on the desirability of heavy national investment in education. That is why I am still going to do all I can to see to it that a general federal aid to education bill becomes law. That is why I am also advancing, wherever I can, modification of existing authorities to make them more effective and to increase their scope of application.

We are now providing more than $320 million a year in operation and maintenance money, which includes teachers' salaries, to school districts which qualify as impacted areas under P.L. 874. These school districts educate about one-third of all of our youngsters. Yet there are a great many school districts which badly need additional money if they are to do their job properly. They are "impacted" with children, they are impacted in poverty areas, rural and urban, they are impacted with special teaching problems, since many of their children hear and speak the English language in school only. These are the districts which most need our immediate help. To try to bring to these districts the money so badly needed, so that the quality of education offered in them can be raised and so that their students can have an equal break vocationally and educationally speaking, I have introduced legislation on which I hope to have hearings as soon as the floor situation in the Senate will permit, to bring to these poverty districts federal payments predicated on the number of children in the school district whose families are federally connected through the Aid to Dependent Children program and the Unemployment Compensation program.

This bill of mine is no substitute for general federal aid which we ought to have, it is rather just an advance payment on the general bill I hope we can get through. I am encouraged by the fact that Congressman Dent on the House side, whose subcommittee would have jurisdiction over the bill, has joined with me in this endeavor. He has introduced an identical bill and has expressed to me his intention to proceed with it as rapidly as the committee schedule will permit.

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[1] Morse, John F. "They Do Not Serve Who Only Stand and Wait." *Journal of the Association of College Admission Counselors* 9:19; Winter 1964.

I know you share with me the heartfelt sympathy that all Americans extended immediately to our brothers in Alaska and on the sea-ravaged portions of the West Coast as a result of the earthquake and the tidal wave which followed. I shall, of course, support every effort to provide financial assistance to the State of Alaska and the affected communities. This terrible news caused me to think, however, that perhaps we should explore the utility of an automatic standby authority which would release federal funds for the replacement of schools damaged by such acts of God. Three to four schools a week in this country, I am advised, burn or are destroyed. The replacement of these schools in a great many cases, where tragedy has also wiped from the tax rolls the land values in the community, poses a terrible problem to the local communities. I am therefore exploring with the Office of Education the possibility of broadening P.L. 815 so that the construction authority contained in it might apply under such circumstances. I have asked that a bill be drafted to take care of such contingencies, and I am sure that many Senators will be interested in it.

Currently, my subcommittee is conducting hearings upon S. 2490, introduced by Senator Hartke of Indiana, which if enacted would strengthen our program of financial assistance to students attending colleges and universities. In addition to expanding the present Title II student loan provisions of the National Defense Education Act, the Hartke bill would establish a program of insured or guaranteed loans for students whose economic circumstances preclude the direct loan, and he has added to this a scholarship program and a work-study program. The combination of these student financial aids, when they become law, should make it easier for the hard pressed student to complete his education.

The recommendations of the President regarding the war on poverty are also under consideration by the select subcommittee which the Labor and Public Welfare Committee has established. As you are aware, a great many of the programs advanced in the draft legislation have educational implications. I feel sure that this measure, S. 2642, of which I am proud to be a sponsor, will be given full and careful consideration by the Congress prior to our adjournment.

Our Future Goals

In 1787, in a letter to James Madison, Jefferson said: "Above all things, I hope the education of the common people will be attended to; convinced that on their good senses we may rely with the most security for the preservation of a due degree of liberty."

These are wise words with present application. Thirty-five years will see us approach the end of the century. What must we do if we are to assure to the best of our ability that the patrimony we pass on to our children and to our grandchildren has under our stewardship increased in value, materially and, more importantly, spiritually?

The concept of equality which is enshrined in the great documents of our republic is being polished and burnished in the controversies in the courts, in the Congress, and to be frank, in the streets of our great cities. Surely the application of this concept to education can only mean that we must find the way to provide to each and every young American the education which will bring his unique God-given talents and abilities into full realization. We cannot afford and should not tolerate the waste of potential ability. The sole criterion for educational opportunity should be the ability to profit from it.

Having accepted the concept of the graduate fellowship, we are striving to obtain the federal scholarships. May I suggest that an expansion of the work-study programs in high school and college may lead us to the belief that educational virtue should not be the sole reward of academic excellence, but that strong positive financial incentives to the young might be feasible. Surely by 35 years from now, we will have found the formula whereby the costs of tuition and books are shifted from the student and his family to the commonwealth. This is the path of the Morrill Act, the California program, and that of the City College of New York.

For our future elementary and secondary schools, I hope that the teaching requirements, not the budget, will determine what the architect can create. And in our schools, I trust that the keystone of the educational arch, the classroom teacher, will have been freed, through automation, from the nonessential routines so that he or she can concentrate on giving to the pupil all the professional help he needs. Here, too, the budget requirements should be subordinated to the child requirements. We do not ask a doctor to qualify and restrict his professional services when he deals with the body of the child. Why then should we not adopt a similar attitude when it comes to the precious mind, psyche, and soul of the child?

All this will cost a great deal, but I verily believe that it will cost us far more if we don't do it. No one really can count the cost of a thwarted and frustrated talent which becomes twisted to antisocial ends. What price tag can we place on an Einstein or an Edison, a Steinmetz or a George Washington Carver? Had one of these not reached fulfillment of potential, we all would have been far poorer.

Let us then together commit ourselves again to the noblest pursuit of man, the conquest of darkness born of ignorance.

How This School Board Member Sees It

L. L. Ecker-Racz

Public schools dominate American public finances, second in dollar magnitude only to national defense. The preoccupation of the public information media with the federal budget sometimes obscures the fact that in our governmental system more than half of the public spending for domestic government occurs at the local government level, relatively little at the federal level; and that in local spending, public schools are responsible for the lion's share.

This fiscal year local school costs will probably reach $20 billion and will account for about 45 percent of local and for about 30 percent of combined state and local general government expenditures. During the 1952-1962 decade, when annual state and local government expenditures rose from $26 billion to nearly $60 billion, education alone accounted for over 40 percent of the record increase. Even in terms of the aggregate of all the budgets —federal, state, and local—the number one civilian government function is public education, with highways running only a poor second.

There is much in public finance and particularly in taxation you and I might explore with profit, for the central dilemma is still unresolved: How to obtain adequate financing for the critically important function of public education when (1) political ideology continues to clamor for local level responsibility, while (2) the incidence of the educational product, the uneven geographic distribution of fiscal resources, and the ideology of taxation call for nationwide tax support.

The role assigned me for today, however, is that of a school board member, not that of an economist. My purpose: to focus your attention on some matters which handicap those of us responsible for school policy. They are mostly familiar, old chestnuts. I would ask you to consider them nonetheless, if only because they frustrate some well-intentioned efforts in the cause of public education.

Probably no two school board members view their job in quite the same light. Each has his combination of pet projects and programs; his personal order of priorities. One task, however, stands out above all others. The school board member's number one task is to maximize his community's support of

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the public school program, support backed up with appropriations. Now and then one of us does take a direct hand in shaping the content of school programs or takes sides on pedagogical issues. Most of us, however, are without particular competence in these specialties and prefer that the administrator resolve them. Our feeble talents can more constructively be employed in other directions.

The task of increasing the allocation of community resources to education is paramount because, despite the significant strides made since the Second World War, public education remains woefully underfinanced. This generalization is more true of some states and communities than of others. It is particularly true of the densely inhabited urban cores where relatively very heavy school and social service needs confront relatively meager fiscal resources. In some measure, however, it is true substantially everywhere.

The case for additional school support is compelling so long as the system over which the school board member helps to preside falls short of affording each and every youngster every educational opportunity, save only that beyond his capability. The job is unfinished so long as children are allowed to reach the end of their teens without having fully developed their capability to progress toward a satisfying life, each to his own taste and talent. If I may borrow from one of your ex-co-workers, Chairman Walter Heller of the Council of Economic Advisers:

> "Equal opportunity is the American dream and universal education our noblest pledge to realize it." [1]

Where is there a community which could not augment the capabilities of its children for future development by shifting resources from the private sector to public school uses? The fact that in 1962 this nation could spare $18.4 billion for liquor and tobacco consumption and $21.6 billion for recreation, but only $17.5 billion for public elementary and secondary education when some 800,000 of its 14- to 17-year-olds were not even enrolled in a school, is a testimonial to the merchandizing skill of the liquor and tobacco industries, not proof that the public schools require less support.

This country's inadequate support of public education is all the more noteworthy because Americans are known the world over for their indulgence of their children, for their willingness to give them almost everything, save possibly a little more of their time. Why then, is public education support inadequate? Why are we so easily put on the defensive in debating appropriation requests, so often maneuvered into the posture of seeming to screen the school administration from close public scrutiny? School board members groping for ways to sell their constituencies on the need for larger school funds return to this question over and over again.

High on my list of obstacles to adequate school support is our inability to demonstrate in tangible terms the value of an added dollar of input into education, i.e., the lack of an acceptable yardstick for measuring the educational product. This lack is keenly felt particularly in communities in which the expenditure level (cost per pupil) is substantially above that prevailing in surrounding areas. Low expenditure systems can fall back on seemingly favorable comparisons with their neighbors. Income statisticians have established that each additional year spent in school adds significantly to our children's prospective lifetime earnings. This much is clear. But, we know next to nothing about the relative productivity of alternative inputs into the educational system. The economist's concept of substitutions at the margin, where the several factors of production compete with one another for the additional dollar, is ignored if not totally rejected by educators.

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[1] *Economic Report of the President,* together with: Council of Economic Advisors. *Annual Report.* Washington, D.C.: U.S. Government Printing Office, 1964. p. 56.

Budget-making time confronts every school board with an array of expenditure proposals in excess of revenue resources—for new positions to reduce class size and to add to subject matter offered, to provide more supervision, more counseling, more psychological services, more visiting teachers, more planning time, etc. It is a rare community that can accommodate all requests. Modern technology ought to be equal to the task of assessing and arranging the relative priorities of requests, for both personnel and materiel, in terms of precise criteria and identified objectives. Our constituencies have a right to expect it.

Citizens weaned on the rationality of the market place find it difficult also to reconcile our plea for additional school activities and for more staff, on the ground that these will improve the quality of education, with our dogged determination to hold on to every component incorporated into the school program in bygone years.

Pedagogy, understandably, has its own fashions. This alone does not present a problem. It becomes a problem only because as we follow one fashionable project with another—educational television, teaching machines, group teaching, itinerant foreign language, music, art, and physical education instructors for the elementary grades, educational secretaries, lay readers, cafeteria attendants, etc.—the dogma permits only additions, never substitutions. Well-meaning citizens, accustomed to business and government practice, find it difficult to reconcile this one-way traffic with tight, business-like administration.

Since you are about to give some thought to the allocation of your research resources among competing claimants, I would urge a high priority for developing measures of productivity, to aid in the rational allocation of limited school resources and to help school board members to increase these resources.

In an inventory of the factors which mar the public's image of the public school institution to the detriment of financial support, I would list next the drive for political and professional isolation—the inclination to operate the schools separate and apart from every other activity of local government. Americans are too thoroughly wedded to the proposition that an increased scale of business operations affords economies, to willingly accept a dichotomy in local government organization, with schools on one side and general local government on the other. They suspect and many even take it for granted that there is waste when school administrations go it alone, when schools and county or city administrations maintain duplicate organizations for building and ground maintenance, for motor vehicle and equipment maintenance, for procurement, insurance, and payroll activities, or for public health and psychological services, to mention only some of the common duplications.

While substantial progress can be reported from some states in the consolidation of school districts, the potentials for economy through administrative cooperation between the public schools and units of general government remain mostly unexplored.

The growing population concentrations, as you know, are focusing increased attention upon the shortcomings of the fractionated governmental organization in urban centers. Extensive experimentation is in progress on ways to coordinate governmental programs within economically interdependent urban areas, typically comprised of numerous separate local government entities. Metropolitan Chicago, for example, is served by 340 separate school districts, by over a thousand separate political jurisdictions.

Where political barriers to consolidation and amalgamation are controlling, increased emphasis is being given to voluntary arrangements for joint performance of functions by adjoining jurisdictions or alternatively, to their contracting with one another for the provision of this or that service. Municipal journals are beginning to report some contracting arrangements involving school administrations. This should be encouraged to foster the image of business-like school operations; where necessary, enabling legislation should be pressed.

I appreciate that the separatist inclinations of the school administrator stem from the shameful neglect of public education in past decades. The plight of some of the school systems during the 1930's is still fresh in the minds of the older among us. There is no doubt that a separate organization with its special purpose pressure group enabled school interests to mobilize political strength in behalf of public education; that without benefit of a united front and some political militancy, public education would have advanced very much more slowly. But more recent progress in some communities has rendered the old prescription obsolete. Even the touching fidelity with which parent-teacher organizations support all of our budget requests seems misplaced at times.

Is it possible that in the 1960's the need is for more than one strategy, appropriate to differently situated school systems? I would suggest that it is. I would suggest that the growing disparities in levels of financial and political support among communities, coupled with the improved sophistication of the electorate, is making the single-track school improvement battle order obsolete; that there is a need for alternative programs, tailored to different "community situations."

Some of you may know of my association with a school system which last year embarked on a bold program to build a teachers' salary structure calculated to lift salaries to a level competitive with those in industry over the span of a half dozen years. The effort is meeting with some resistance from the education community, despite the fact that it entails a very significant immediate and prospective increase in salary costs. It will not surprise you therefore that my inventory of institutional rigidities includes one which, for want of a better phrase, I call the monolithic personnel doctrine of public education. I see it as having two parts: the concept that most functions in the school system can be performed only by those with classroom experience; and the concept that any classroom function is as important to the school program as any other, and, therefore, should be compensated on the identical scale. Both seem to depend on the proposition, also loudly proclaimed, that the quality of teaching is not measurable.

Parents busily engaged in guiding their children past the scrutinizing eyes of college admissions officers and contending with the emphasis on "hard" academic subjects, can't fathom the logic of a unitary salary structure. They find it difficult to comprehend why an increase in the compensation scale to compete with industry for mathematicians, scientists, or linguists is acceptable only on the condition that the higher pay scale is applied automatically to every other teaching station in the system, be it typing, sewing, gymnastics, or driver training.

An associated problem is the relationship between school system and city or county compensation scales for comparable jobs. The pursuit of the unitary compensation scale in school systems occasionally creates intracommunity pay scale disparities with attendant frictions. Librarians are a common example. The fact that the problem lies in inadequate city or county salaries rather than in excessive school salaries does not diminish its adverse impact on the public's image of the school system. It is no consolation for the fact that the schools' critics are handed a telling argument, that comity between the two staffs is impaired, that the educational objective is handicapped.

As time goes on, the need for close working relationships between all governmental organizations becomes progressively more imperative. Improved public understanding of the causes of school dropouts, juvenile delinquency, and most recently, of large pockets of poverty amidst economic affluence, is making it very clear that (1) public education is of even greater importance to national survival than hitherto appreciated; and (2) that its goals cannot be attained by the schools alone. You recall the compelling statistic in President Johnson's recent *Economic Report:*

> Poverty and ignorance go hand in hand: . . . of families headed by a person with only a grade school education, 37 percent are poor. Of those headed by high school graduates, only 8 percent are poor. . . .

And his conclusion:

> We must upgrade the education of all our youth, both to advance human well-being and to speed the Nation's economic growth.

And the statement of the Council of Economic Advisers:

> Our Nation's most precious resource is its people. We pay twice for poverty:

once in the production lost in wasted human potential, again in the resources diverted to coping with poverty's social by-products. Humanity compels our action, but it is sound economics as well.[8]

Progress in resolving these grave national problems will require concerted cooperation among the various disciplines and specialties available to local communities but scattered through school, city, and county administrations, the judiciary, and private organizations. A community-wide effort is needed. So long as rigidities within one or the other impair cooperation among all segments of the community, the urgently sought national goals will be needlessly delayed.

The multipronged, community-based approach implicit in President Johnson's war on poverty affords the public schools an unequalled opportunity for a leadership role in this promising national effort. The public schools dare not forfeit this opportunity. This is a program for the young, to help them escape poverty. The objective it seeks is vitally important to the nation. This program can serve as the vehicle for more intimate involvement of our teachers with the community, a role they found so rewarding in bygone days. And most importantly, out of this kind of involvement with municipal and county employees, with those in private organizations, and with others who otherwise are untouched by the public school apparatus, can develop a broader community base for the support of public education.

In fairness to the public school community, it is well to recognize that its separatist tendencies derive substantial support from a philosophy of government deeply rooted in some dearly cherished democratic traditions. Keeping decision-making close to the people with direct access to the electorate was sound political doctrine when rural society characterized this country, when communities existed in isolation from one another, and the American was typically born, raised, and lived out his life in the same part of the country, if not the same community.

In earlier civilizations, provincialism in public programs was sound philosophically and fair economically. It has some limitations, however, for the interdependent and interrelated society characterized by urban concentration, economic specialization, and mobility. Each year during the past decade about 10 million persons moved across county lines, half of them across state lines, carrying with them everywhere the effects of the omissions and commissions of local school systems. The public school community is now truly the nation. I daresay that if the Jeffersonians were developing a governmental organization in today's environment, they would not limit the function of public education to the resources which chance to be located in individual communities; they would give it some access to the nation's collective resources.

If the allocation of responsibility for public education within this governmental system was not designed for the 1960's and the 1970's, it was at least endowed with flexibility to make it adaptable to changed circumstances. Its flexibility must be invoked boldly, lest those interested more in minimizing governmental activity for its own sake than in serving the people's needs, exploit some of our honored political slogans to obstruct the public interest, in the guise of protecting it.

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[8] *Economic Report of the President, op. cit.*, p. 15, 56.

I bring this inventory of problem areas which handicap local efforts to obtain adequate financial support for public schools to your attention because they are largely beyond the competence of individual local systems. It is by no means clear, to be sure, that these same items would rank high on other school board members' complaint lists. One is prone to generalize from personal experience. One is inclined, too, to seek scapegoats for his failure to make progress, a euphemism for reshaping things to accord with one's own combination of biases. The discovery that the public school is a living institution the school board member is not free to change at will, "as if he had a clean sheet of paper to write on," comes to most of us slowly, reluctantly. All in all, I close on a note of optimism. Your national organization provided leadership to help lift public education out of a sorry state in the course of a few busy decades. You are equal, I have no doubt, to providing the leadership now required to lift it to the excellence America so urgently wants and many of its children so desperately need.

Some Economic Issues in Improving the Quality in Education

Theodore W. Schultz

MANY a poor country is prematurely trying to establish an Oxford or Cambridge while half or more of the children continue to stay illiterate. The British have universal elementary schooling and university education for a small select group, both of high quality. Their lament is with respect to quantity, for there are too few students in secondary and higher education. Our system has given us universal elementary and secondary schooling and the largest proportion of students of any country entering upon higher education. Our main educational concern, quite understandably, as we look ahead, is with regard to quality.

My agenda calls for a brief consideration of each of the following issues: reasons for the shift to quality, upper limits to the amount of schooling, some specification bias, sources of quality, and prospective rates of return.

Reasons for the Shift to Quality

It has been a part of our genius to rate high the quantity of schooling, and we have done exceedingly well on this score. In addition to enough teachers and classrooms to take care of the growing school population, we have added more days of school per pupil, more years of school per student with more of them graduating from high school and entering college. While we have made some qualitative advances, there are now many strong signs indicating that in the years to come improvements in quality will be our basic concern.

One such sign is the increasing awareness of differences in the quality of schooling. Competition for scholarships, for admission to college, and for the better jobs is part of the story. The rise in the level of schooling of parents is also part of the explanation. Mothers who have completed high school want better schooling for their children than mothers who have had less than eight years of schooling. Education as it was in the days of the Model T is no longer good enough. Parents want better schooling for their children and students want it to get ahead.

As a people we can afford high quality schooling. Our incomes make this possible; moreover, our income

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will continue to rise. In Nigeria where I was recently many people can now afford kerosene lamps instead of using palm oil cakes or torches. When I was a youngster on a farm, we, too, had kerosene lamps; now most of our farm people can afford electricity. Similarly with schooling, we can afford not only more but better schooling than formerly.

The demand for schooling is of two parts, *cultural satisfactions* and *producer abilities*. We can afford more as consumers, even though the price of schooling is rising relative to consumer prices generally. The skills and other producer abilities are in essence an investment, and high quality schooling is a good investment. The U.S. economy provides a strong market for these particular abilities; the rate of return on the investment to acquire them is high. I shall return to this matter below.

Then, too, we are now beginning to approach the upper limits in the amount of elementary and secondary schooling per person of school age. It will also soon become evident in higher education. As we do, additional major advances will be mainly in terms of improvements in the quality from the first elementary year and up through the last year of postgraduate work.

Upper Limits to the Amount of Schooling

Although I shall concentrate on the economics of quality, I do not want to underrate the value of the amount of schooling that students acquire. The amount obviously matters and in this respect we have made much progress.

- The average number of days of school attended per enrolled elementary and secondary pupil rose 60 percent between 1900 and 1956 but hardly at all in recent years. We are approaching a ceiling in this respect.
- Of the pupils who entered the fifth grade in 1924, only 60 percent entered high school in the fall of 1928; thirty years later the comparable figure was 92 percent, which is a most impressive advance. Here, too, we are close to a ceiling.
- Not quite half of those who entered high school in the fall of 1928 graduated, while 69 percent of those who started in the fall of 1958 completed high school. Here there is undoubtedly still considerable room for further improvements in quantitative terms, and we are justly concerned about dropouts.
- We all know that enrollment in college has risen even more rapidly. Of the pupils who entered the fifth grade in 1924, 12 percent entered college in 1932; three decades later 34 percent did so. The quantitative aspects of college enrollments including the large numbers who drop out are far from clear.
- Increases in the number of years of school completed are most telling. For all persons 25 years of age and over, we have:

	1940	*1962*	*Percent increase*
	(Median years of school completed)		
White	8.7	11.7	35%
Nonwhite	5.8	8.6	48

But for younger people the difference between white and nonwhite is much less; for instance, for those 20 to 24 years of age the white population in 1962 had completed 12.5 and the nonwhite, 11.4 years of school.

For all persons in the labor force 18 to 64 years old, we have:[1]

	1940	*1962*	*Percent increase*
	(per cent of labor force)		
8 years or less of elementary school	50%	26%	−48%
4 years high school	20	33	+65
4 years or more college	6	11	+83
Median school years completed—all persons	9.1	12.1	+33

But the rate of the increase in years of school completed per person in the labor force that has been achieved since 1940 is simply *impossible* during the next two decades or so. It would mean increasing it by one-third, thus going from a median of 12-16 school years completed to a college level median! But there is much room for improving the quality of schooling all along the line.

- Wallace R. Brode tells us of the "Approaching Ceilings in the Supply of Scientific Manpower."[2] Brode is concerned about numbers, numbers relative to some other numbers, but not in relation to price (salaries); thus, his notion of "supply" is not drawn from economics. While the real *supply* of scientific manpower is not nearly so inelastic as Brode's numbers imply, there are ceilings to his numbers and he uses them to focus attention on the importance of improving quality.

Some Specification Biases

The effectiveness of schooling depends in no small part on our conception of the task. In this respect we are plagued by a number of specification biases. Let me mention the more important ones.

- Variances among students are not treated adequately. They are of three major types, i.e., with respect to abilities, motivations, and the extent to which students have discovered their talents. On variances in ability, considerable progress is evident. Less so with regard to differences in motivations. While our school system has some special advantages compared to those of Europe in the discovery of talents, a point that Sir Eric Ashby stressed in his presidential address before the British Association for the Advancement of Science,[3] we still have a long way to go before it can be said that we are efficient in this matter.
- Much of what students learn is obsolete all too soon. The rate of obsolescence should be reduced. But to achieve this goal it will be necessary to alter the instructional mix.

There are three basic considerations: Schooling ought to prepare one for life and not just for the next few years; the expected life of students after they complete their formal schooling is long, 40 to 50 years; the demands for particular skills are changing rapidly over time, which is a function of the advance in knowledge and of economic growth. Thus we should rate what is taught according to its prospective years of usefulness. The lowest rating should be given to specific job skills, a higher rating to principles and theories on which our knowledge is based, a still higher rating on the abilities required to solve problems and to make analytical tools, and the highest on the ability to keep on learning.

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[1] U.S. Department of Labor, Bureau of Labor Statistics. *Special Labor Force Report No. 30. Educational Attainment of Workers, March 1962.* Washington, D.C.: Government Printing Office, 1963. Based on Table A.

[2] Brode, Wallace R., *Science.* 143: 313-24; January 24, 1964.

[3] Ashby, Sir Eric. "Investment in Man." *The Listener.* August 29, 1963.

- Another specification bias arises from the low value that is placed on the time of students while attending high school and especially while attending college. The tendency is to treat their time as if it were a *free input*. Yet over half of the real costs of a college education, for example, arises from the earnings that students forego to attend college. Treating their time as a free input can only lead to much waste, as it does. Moreover the value of the time of students is likely to increase substantially in the years ahead. To induce schools to economize in this respect, it might be argued that all schools should be required to pay each student the equivalent of the salary (or wage) he foregoes while attending college, say an average of $3,500 a school year!
- Closely related to the above is the increase in the value of the time of teachers. Although they are paid, and school administrators are obviously aware of rise in salaries relative to the costs of some of the other educational inputs, adjustments to economize in this respect come all too slowly. Too much time is spent in classrooms, notably so at the higher levels of education. Substitution possibilities are not fully realized, for there is still too much lecturing and too little reading; too few books are acquired and mastered by students to which they can go back in years to come; and too little use is made of library facilities.

Sources of Quality

The quality components of schooling are elusive, for it is exceedingly hard to specify and identify them. Yet we know they exist and are important. What students learn during a full year of schooling depends on the students, their teachers, and the facilities at their disposal. Obviously differences in ability are important. So are motivations, which are strongly influenced by the quality of home life. The ability, education, and experience of teachers also rate high. A rapid turnover of teachers has its price. The advance in knowledge must be taken into account. The quality of schooling also depends on the size of the school, the size of the class, the load placed on students and teachers, specialization, and on classroom laboratory and library facilities.

Yet despite the importance of correcting the specification biases referred to above, which affect the ultimate efficiency of our schools, the primary source of the quality of instruction for any given set of students is the teacher. Here we get in the long run no more and no less than what we pay for. Moreover, there is no doubt that we are still paying all too little in all too many parts of our system to attract and hold teachers who are sufficiently competent to produce the quality we want.

Many children are still grossly shortchanged on this score. There are vast numbers of them in the South, not only Negro but also white. In general, children from Mexican parentage and from farm homes attend elementary and high schools that are below par by the standard of quality of the schools that most town and urban pupils enjoy, except for those in the city slums.

The differences in the salaries of teachers, adjusted for costs of living, may serve as a crude measure. In 1962-63 the five states ranking highest according to this measure stood 43 percent above the five lowest.[4] In expenditures per pupil the difference between the five highest and five lowest was 77 percent.[5] Yet this comparison conceals an array of differences within the respective states. How much lower, for instance, is the lowest third in each of the five bottom states compared to the upper third in each of the top states? Further, I would be surprised if the quality gap between the poorest Negro colleges in the South and the best small liberal arts colleges in the North was not even larger than that between our elementary schools.

Prospective Rates of Return

I shall leave aside the value of improvements in quality of schooling which give us cultural satisfactions. Of the producer abilities associated with schooling, I shall also not take into account the several benefits that do not accrue to the student but accrue to his neighbors, employers, and co-workers.

The highest rate of return from improvements in quality are to be had, I am convinced, at the elementary level. The basis for this judgment is as follows: There is a vast difference in quality throughout this country at this level, to which I have alluded; it costs the least per pupil because there are no earnings foregone on the part of students; the marginal rate of return to seventh and eighth years is about 30 percent, implying that quality also probably has a very high pay-off. Suppose we had elementary teachers in every school who were worth a $5,500 salary and who received it, working with relatively small classes, and specializing on one or two classes. The extra costs would be large, but the pay-off on it as an investment in producer abilities alone that would increase the future earnings of students would probably exceed 30 percent per year. Where can one find a better investment?

At the high school and college levels, the pay-off would probably be somewhat less, mainly because earnings foregone are a large cost component. Yet here too there are large quality differences. Students from farm homes attending nearby high schools more often than not receive instruction inferior to that offered in the large urban schools. Farm youth also work too many hours on the farm while attending high school. Half of them work on the average 27 hours a week; a third of them actually work 35 hours or more a week on the farm while attending school. High school studies should not be a part-time venture. To be saddled, as half of our farm youth are, with 27 hours of farm work a week is a most unfair handicap.

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[4] The five highest paid $6,360; the five lowest, $3,700. Adjusting the lowest 20 percent for costs of living gives us $4,440, and $6,360 is 43 percent over $4,440.

[5] Here the two figures are $553 and $260. Adjusting the $260 up by 20 percent gives $312, and $553 is 77 percent over $312.

Several studies show that Negroes who have completed either high school or college receive substantially less wages than whites with the same level of schooling. No doubt a part of this difference in earnings arises from racial discrimination. But a substantial part reflects the vastly inferior schooling that Negroes have been receiving.

Nor do these exhaust the possibilities for improvements in quality. One need only examine the differences in quality of instruction among our some two thousand colleges to see how much room there is for doing better than we are doing. Moreover, the reward would be high. How high? My guess, based mainly on related rates of return to quantity at those levels, is in the neighborhood of 15 to 20 percent per year.

New Studies in School Finance and Their Implications

Eugene P. McLoone
Forrest W. Harrison

THE projects we are engaged in draw on the work in school finance since the turn of the century. First, permit us to give you some historical background because we are, in the main, repeating tried techniques of measurement of school expenditures which should be more understandable if placed in their historical perspective. Second, we will sketch some of the unique features of the expenditure studies and their gathering together of 40 years of research. Lastly, but most importantly, a few of the preliminary findings and their implications.

Historical Background

Since the National Survey of School Finance[1] in 1933, the U.S. Office of Education has continued on a decennial basis, for 1939-40,[2] 1949-50,[3] and 1959-60,[4] the collection of data necessary to calculate expenditures per classroom unit. Statistics reported are merely steps, but necessary ones, in developing comparisons of expenditures per classroom unit among school districts and states.

That expenditures per classroom unit provide the best statistic for comparing expenditures among school districts has been almost universally accepted by personnel in school finance since that determination by the National Survey of School Finance. The

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[1] Mort, Paul R. *State Support for Public Education.* U.S. Department of the Interior, Office of Education, National Survey of School Finance, Washington, D.C.: The American Council on Education, 1933. 496 p.

[2] Norton, John K., and Lawler, Eugene S. *An Inventory of Public School Expenditures in the United States.* A Report of the Cooperative Study of Public School Expenditures, Vol. I and Vol. II. Washington, D.C.: The American Council on Education, 1944. 409 p.

[3] Hutchins, Clayton D., and Munse, Albert R. *Expenditures for Education at the Midcentury.* U.S. Department of Health, Education, and Welfare, Office of Education. Miscellaneous No. 18. Washington, D.C.: Government Printing Office, 1953. 136 p.

[4] Findings of the data for 1959-60 gathered by the authors of this paper will be available in a publication of the U.S. Office of Education similar to *Expenditures for Education at the Midcentury.*

Editor's note: The presentation of this material at the meeting relied upon a printed document with data and charts to support many of the generalizations. This material is not reproduced here but is available from the Office of Education upon request.

classroom unit takes into account variations in costs beyond the control of the local school board. Only current expenditures applicable to the instructional program are considered; that is, transportation expenditures are subtracted from the usual statistic of total current expenditures.

Among the variations in costs considered in calculating a classroom unit are those due to differences in size of schools, the higher cost of secondary than elementary education, and the additional teachers required in sparsely-settled areas because of fewer pupils per teacher. The classroom unit concept uses the prevailing practice in the average number of pupils per teacher to allow for: a teacher for fewer pupils in small school districts with sparsely-settled populations than in large school systems, and a teacher for fewer pupils in high schools than in elementary schools.[5]

The average number of pupils per teacher for elementary and secondary grades is determined in order to calculate classroom units. A decline is observed in secondary grades from 23.8 pupils in average daily attendance (ADA) per teacher in 1949-50 to 23.0 in 1959-60.[6] In the elementary grades, the average number of pupils in ADA per teacher in 1949-50 was 27. School systems with less than 12,000 fall enrollment in 1959 exhibited a decline to 26 in 1959-60. School systems with 12,000 to 24,999 fall enrollment kept their pupil-teacher ratio at 27 and those above 25,000 fall enrollment increased to approximately 29 in 1959-60.

In order to account for higher costs of secondary classrooms, not only are fewer pupils per teacher allowed than for elementary classrooms but also an additional weighting is given differences in salary and other costs between elementary and secondary grades. Historically, this weighting has been derived from the ratio of the average salary of secondary teachers to the average salary of elementary teachers. The advent and the increasing importance of the single salary schedule is readily apparent in the historical series of weights beginning in 1930-31. In that year, the average salary of secondary teachers was 1.29 times that of elementary teachers. By 1939-40, the ratio had declined to 1.23; in 1949-50, to 1.13; and it continued downward to 1.09 in 1959-60.

Early in the design of the study of expenditures per classroom unit for 1959-60, it was decided to include other variations of local school systems for analysis. Some of our thinking in this regard was presented briefly in a *School Life* article.[7] By examining the spending of school districts, we hoped to discover various relationships—

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[5] Mort, *op. cit.* See p. 119-23 for the definition of classroom units and especially Supplement 3, page 429, for the use of least squares lines in determination of classroom units.

[6] Harrison, Forrest W., and McLoone, Eugene P. *The Classroom Unit as a Measure of Need in Foundation Programs for Support of Public Elementary and Secondary Schools: Its Influence on Practice in the States.* Paper presented at the annual meeting of the American Educational Research Association. Chicago, Illinois: February 21, 1964. (Copies available from the U.S. Office of Education, School Finance Section, upon request.)

[7] Harrison, Forrest W., and McLoone, Eugene P. "Educational Expenditures: New Studies in the Making." *School Life*, 46: 21-23, October 1963.

whether high expenditure and low expenditure districts differ significantly in spending patterns and whether school districts with high average salary of teachers spend funds differently from school systems with lower salaries.

For this analysis, three decision variables identified by the Educational Policies Commission [8] were used: the pupil-teacher ratio, the average salary of teachers, and the portion of the budget devoted to items other than salaries of teachers. Relationships among these three variables were investigated. Before undertaking discussion of these findings and their implications, let us briefly present some unique features of these studies.

Unique Features

The definitions in the Office of Education handbook entitled *Financial Accounting for Local and State School Systems* [9] were used in the questionnaire for all items. Local school superintendents who answered the questionnaire were encouraged to ask for a copy of the handbook if they did not already have one. About 4,000 copies were sent upon request.

For the first time in the series on expenditures per classroom unit, a sample of the school districts rather than the universe was used. For the first time for a sample study of elementary and secondary schools, the Office of Education established a universe listing from which the sample was selected.[10]

Sampling was not done for point estimation, that is, for estimating the mean of a distribution or for a universe total, but for the estimation of points along a distribution. Sampling for points along a distribution has seldom been done, and the studies from which we are reporting data represent the pioneering attempt in education. Finally, the data were planned for machine processing of camera-ready tables and charts.

What did we learn in regard to these unique aspects of the study? First, we learned that not everyone uses the handbook on *Financial Accounting for Local and State School Systems* and that not all use it with equal effectiveness. Few states have figures for both average daily attendance and average daily membership. All have one of these statistics on pupils. State data sources are mainly tied to state-aid procedures and other legal requirements.

Secondly, we have proved by comparing the *Biennial Survey of Education* universe totals with our universe estimates that not only is sampling for expenditures by minor items of the budget possible, but, also, in the vast majority of cases, separation of expenditures is done in accordance with the handbook, the notable exception being expenditures for school lunches. We don't mind if people are skeptical about this statement because we would hardly have believed anyone who made it. We will be happy to show anyone who cares to visit the Office detailed evidence of this, by state and by budget category.

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[8] The Educational Policies Commission of the National Education Association and The American Association of School Administrators. *An Essay on Quality in Public Education.* Washington, D.C.: the Association, 1959. 31 p.

[9] Reason, Paul L., and White, Alpheus L. *Financial Accounting for Local and State School Systems.* U.S. Department of Health, Education, and Welfare, Office of Education. State Educational Records and Reports Series: Handbook II, Bulletin 1957, No. 4. Washington, D.C.: Government Printing Office, 1957. 235 p.

[10] U.S. Department of Commerce, Bureau of the Census. *Public School Systems in 1960.* State and Local Government Special Studies, G-SS, No. 44. Washington, D.C.: the Bureau, 1960. 31 p.

For now, it must suffice to indicate the high degree of precision obtained in the estimates from the sample. For example, the number of districts in the United States with secondary schools as determined by the sample is nine below the actual figure of 13,766. For 1959-60, national totals for current expenditures and average daily attendance are 94.9 percent and 99.7 percent, respectively, of the national totals in the *Biennial Survey of Education*. Without stating the direction of deviation, the state-by-state totals vary from 0.2 to 10.4 percent of total current expenditures and from 0.1 to 5.7 percent for average daily attendance. The maximum variation in current expenditures per pupil is $26. For 39 states, the variation from the average reported in the *Biennial Survey of Education* is less than 1 percent. For all the states, the average deviation is about $5.[11]

Finally, the data at present are not completely processed to indicate how accurate our technique is for estimating all points along a distribution. Preliminary data for one state indicated that the degree of error at the 15th and 85th percentiles is less than the $20 per pupil allowed for in our sample design. This figure of $20 per pupil was obtained by Monte Carlo trials of the distribution technique on the data for several states.

Findings and Implications

What are the implications of our analysis of data on expenditures by local schools and sources of funds for financing the local schools?

Our observations can be placed in three categories: those dealing with expenditure decisions, those dealing with equalization of school funds among school districts or among pupils, and those dealing with the efficient use of school dollars.

Three Decision Variables

First, consider the average number of pupils per teacher, or the pupil-teacher ratio, one of the three decision variables identified by the Educational Policies Commission. It would seem that the state-aid formulas (there are 35 states that specify a pupil-teacher ratio) would influence the pupil-teacher ratio observed in the school districts of a state. When the state undertakes to pay state aid to local school districts for teachers' salaries, the maximum number of teachers allowed is usually obtained by dividing the total average daily attendance of the district by an allowable number of pupils, say 25. It would seem that the average number of pupils per teacher would be greater than 25, for it seemed likely that states had established a pupil-teacher ratio as a desirable standard toward which local school systems might strive. This did not occur.

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[11] Total current expenditures in the *Biennial Survey of Education* were adjusted for direct expenditures made by the state government and for the money value of commodities distributed under the Federal Lunch Program.

Of the 34 states in which we examined the pupil-teacher ratio in the state-aid program, only 14 hold out a pupil-teacher ratio as a standard towards which local school systems might strive. Of these 14 states, 4 have both the elementary and secondary pupil-teacher ratio in the state-aid plan above the prevailing practice in the state; 7 states, elementary pupil-teacher ratio; and 3 states, secondary pupil-teacher ratio.[12] In other words, prevailing practice in the state indicates fewer pupils per teacher than the number specified in the state-aid plan. For instance, if the state-aid plan specifies 28 pupils per teacher, prevailing practice in the state is less than 28 pupils per teacher. In such situations, it is apparent that local school districts are supporting the larger number of staff members exclusively from local funds. This would indicate that generally speaking, state-aid allowances for classroom units are less adequate than actual staffing by local school officials.

Secondly, consider the average salary of teachers, another of the decision variables of the Educational Policies Commission in relationship both to exogenous and endogenous influences. *Salaries of teachers are strongly influenced by the salaries paid to other groups in the state or community.* The salary of teachers in the school system at the median for a state is approximately twice state per-capita personal income. When average salaries of teachers are examined by enrollment size of school districts together with median family income of communities of roughly comparable population size, the median salary of teachers is almost equal to median family income for the community. Among the lowest quarter of school systems on average salaries of teachers, there are school systems from all size groups except the largest, those with a fall enrollment of 25,000 or more, and from all except 15 states: Alaska, Arizona, Connecticut, Delaware, Florida, Louisiana, Maryland, Massachusetts, New Jersey, New Mexico, New York, North Carolina, Rhode Island, Utah, and Washington.

This is strong presumptive evidence that teachers' salaries are exogenously determined, that is, that factors in the economy of the community generally determine the salary paid.

Higher salaries of teachers tend to be associated with a larger average number of pupils per teacher as the enrollment size of the school system increases. However, within an enrollment size category, school systems which pay higher salaries have varying numbers of pupils per teacher. Some school systems with high salaries have more pupils per teacher than the average for the size category; others, less. There is no discernible trend within an enrollment-size category.

Thirdly, consider the remaining decision variables of the Educational Policies Commission, the percentage of total school funds spent for other than salaries of teachers. *In general, the higher the average salary of teachers, the greater the percentage of total school funds spent on items other than salaries of teachers.* In other words, school districts which spent large sums for salaries of teachers had large non-salary expenditures. The exception to this general tendency among school systems within a state can be found in systems of less than 300 pupils. These school systems generally seemed to spend money on either salaries of teachers or other budget items but not on both.

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[12] Harrison and McLoone, *op. cit.*

Fourth, the relationships of the three decision variables to each other were considered. Balanced expenditure school districts were examined, that is, those with approximately the same rank among school districts on average professional salary, on average salary of teachers, on average number of pupils per teacher, and on average number of professional staff members per 1,000 pupils.

Ten-percent intervals of school districts were selected, that is, those between the 80th and 90th percentiles, the 45th and 55th percentiles, and the 20th and 30th percentiles. Comparisons of school systems in these intervals yielded the same approximate rank in less than 5 percent of the school systems in the country, in a state, or in an enrollment-size group.

It seems that the decisions of local school boards on the pupil-teacher ratio and the salary of teachers are relatively independent. They are not completely independent because, as indicated above, when one moves to the higher enrollment categories, both the average salary of teachers and the average number of pupils per teacher tend to increase. The percentage of total school funds spent for items other than salaries of teachers (as is true of salaries) seems closely related to the economic resources of the community. Thus, these decisions do seem highly dependent on community factors and are related to one another.

Fifth, school systems with high current expenditures per pupil tend to fall into two discernible categories: those with a high number of professional staff members per 1,000 pupils and those with high average professional salaries. In a few school systems, high expenditures cannot be attributed to either of these two factors. This statement remains true even when small school systems, below 600 enrollment, or school systems with high transportation expenditures are eliminated from consideration.

Local community factors and decisions of local school boards are more important than state-aid funds and regulations in determining spending patterns of schools. The percentage of funds from the state is not generally associated with average professional salary, average salary of teachers, average number of pupils per teacher.

Equalization of School Expenditures [13]

A major purpose of state aid to local school systems is the raising of the expenditure level in school systems with meager resources of income or wealth. Studies of expenditures per classroom unit have provided one means of examining the degree to which school expenditures are equally distributed among pupils and among school systems within a state.

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[13] The data underlying the statements made in this section will be available in a publication by the U.S. Office of Education similar to *Expenditures for Education at the Midcentury.*

On a nationwide basis, variation in expenditures per classroom unit is directly related to the amount of local support; the higher the expenditures per classroom unit, the higher the percentage of funds from local sources. The national profile portrays at every expenditure level the same amount from state and federal sources, approximately $3,000 per classroom unit. Similar results are true for almost every state.

The foundation concept of raising local school districts to a minimum acceptable level of expenditures by state grants has proven effective. State profiles indicate that school systems with low expenditures per classroom unit receive proportionately more funds from the state than higher expenditure school systems. The raising of school systems below the state median (average) expenditure level has been effective.

The improvement of the expenditure level of low expenditure classroom units is apparent for the nation in the decrease from 14 percent of total current expenditures (less transportation) required in 1939-40 to raise low expenditure classroom units to the state medians to 7 percent of total current expenditures in 1959-60. During the 20-year period from 1939-40 to 1959-60, considerable progress has been made through the state grants in raising low expenditure classroom units.

In raising low expenditure classroom units to the national median, similar progress has been made. In 1959-60, approximately 12½ percent of total current expenditures, less transportation, was required to raise low expenditure classroom units to the national median. Ten years earlier, in 1949-50, 15 percent was required and in 1939-40, 17 percent.

Examining the same information on a pupil basis shows that the changes by decades have been uneven. From 1939-40 to 1949-50 the quarter of the pupils in classrooms with the lowest expenditures increased their share of the school dollar from 11 to 14 cents. In the next decade, they gained another cent to make their share of the school dollar 15 cents in 1959-60. If school funds were equally distributed among pupils, the lowest quarter, and every other quarter, would have 25 cents of the school dollar.

The middle 50 percent of the pupils in all three years had approximately their share of the school dollar, or 50 cents. The share of the school dollar spent on the upper quarter of the pupils in classrooms with the highest expenditures declined from 43 cents in 1939-40 to 38 cents in 1959-60.

In 1959-60, the 10 percent of pupils with the highest expenditures had 16 cents of the school dollar, one cent more than the quarter of the pupils in the lowest expenditure classrooms and one and one-half times their equal share. This is a vast improvement over 1939-40, when 10 percent of the pupils in the classrooms with the highest expenditures had 20 cents of the school dollar, almost double the 11 cents of the school dollar spent on the lowest quarter of the pupils.

Greater progress toward a more even distribution of school funds was made in the decade from 1939-40 to 1949-50 than in the past decade. However, the rate at which low expenditure classroom units are being raised to the national median increased during the 1950's. The converse is true for progress toward the state medians; that is, greater strides were made toward raising low expenditure classroom units by state-aid programs in 1939-40 to 1949-50 than from 1949-50 to 1959-60. Although the rate at which achievement of equalization to the national median improves, it would take until the school year 2003-04 to achieve complete equalization of school funds at the rate of increase for the past decade.

In all three years for which studies of expenditures per classroom unit have been made for the entire nation, the six lowest states have always been the same. These are: Alabama, Arkansas, Georgia, Kentucky, Mississippi, and South Carolina.

It is also true that in all of the studies there are some classroom units in almost every state which are among the lowest 25 percent in the nation. In 1959-60, this is true for all states except eight: Alaska, Louisiana, Maryland, Nevada, New Jersey, New Mexico, Rhode Island, and Utah.

Another way of looking at the degree of inequality in expenditures per pupil in public elementary and secondary schools is to calculate a coefficient of inequality.[14] This is a standard technique for comparing distributions of income among families and individuals. This method also indicates improvement in the degree to which educational expenditures are being equalized. The coefficient of inequality in 1939-40 was .29; in 1949-50, .20; and in 1959-60, .18. The degree of inequality of educational expenditures is approximately one-half the inequality in distribution of income.

More progress toward equality was made in the 1940's than in the 1950's. Similar coefficients for each of the states indicate considerable progress in many states toward equalizing school expenditures. In both 1939-40 and 1949-50, there were some states which had coefficients of inequality greater than the national coefficient. This was not true in 1959-60.

The degree of progress achieved by state foundation programs in raising low expenditure level classroom units to the state median has been good. The slowing down of this progress during the 1950's can be attributed, among other causes, to: the increasing reliance of local school districts on the property tax for school support; the failure of state grants to [illegible]lect adequately local staffing practice in the distribution formulas; the increased use of percentage of costs as a measure in distribution of state funds; and the increasing percentage of total school-age population in suburbs and in central cities compared with rural areas.

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[14] This statistic is generally used for comparing inequality of income. To the authors' knowledge, this is the first application to educational expenditures. The application of this coefficient to income distributions and the method of calculation may be seen in: Menderhauden, Horst. *Changes in Income Distribution During the Great Depression.* Studies in Income and Wealth, Vol. VII. New York: National Bureau of Economic Research, 1946. Appendix C; and James Morgan. "The Anatomy of Income Distribution," *Review of Economics and Statistics*, 44:281; August 1962.

The inevitable question raised as data are presented about equalization is, "What do you see as the future direction of state-aid programs?" The implications of our data in this regard are: States should examine the measure of need in state-aid programs and determine whether or not they wish to establish a staffing ratio either equal to or better than the average practice in the state in order to hold out a staffing ratio as a goal for local school districts; states should look anew at the possible variation in economic conditions affecting the price level of education in communities, particularly whether or not salaries of teachers are exogenously determined by community income; [15] and spending patterns may indicate that some school systems are unable to exercise effective local control.

There is a need to study the circumstances in which state operation of certain school systems or a program of state recruitment of personnel or measures of state support other than dollar programs may be desirable. Two identifiable groups of school systems were found: those with less than 300 pupils enrolled and those which receive more than 85 percent of their funds from the state. Our data suggest that very often, with a number of very notable exceptions, school systems of these types need personnel more than funds. This suggests the need for state-wide recruitment of personnel for employment in these school systems.

The three ideas above require more investigation and research. The remarkable finding that state funds seem to be distributed on a flat-grant basis per classroom indicates that for the sake of simplicity, states might well study a move toward flat-grant distributions in place of their present complicated and cumbersome equalization distribution.

In a large measure, this proposal rests on the presumptive evidence that salaries of teachers vary with the income of the community and that the variation in expenditures is due to variation in income or wealth of the school district to a greater degree than to variation in effort. If the above conditions are true, and our data do seem to indicate they are, then a flat grant would achieve as much, if not more, equalization than that which appears in our data for 1959-60.

Efficient Spending of the School Dollar

A number of least squares equations with various variables were used to examine the question of efficient spending of school dollars. Generally speaking, the results to date do indicate that school systems in the 6,000 to 24,999 enrollment groups are among the most efficient. In some instances, school systems having between 3,000 and 5,999 enrolled also show a high degree of efficiency.

School systems with fewer than 6,000 pupils are inefficient when measured by cost of instruction per pupil. Efficiency improves as school systems become larger until they have slightly less than 25,000 pupils.[16] When efficiency is measured on other than cost of instruction, school systems having between 3,000 and 5,999 pupils are highly efficient.

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[15] There is a need for studies similar to: Harry, David P. *Cost of Living of Teachers in the State of New York.* Contributions to Education, No. 320. New York: Bureau of Publications, Teachers College, Columbia University, 1928. 184 p.

Per-pupil expenditures for instructional items other than salaries of teachers averaged about $50 in all enrollment-size categories from 600 pupils to 24,999. In the largest enrollment-size category, 25,000 or more, it averaged $30 which was similar to the expenditure for school systems with less than 600 pupils. Transportation expenditures per pupil increased as school size decreased. Noninstructional and nontransportation expenditures averaged about $80 per pupil in school systems between 1,200 and 24,999, with the exception that school systems between 6,000 and 11,999 spent approximately $20 less per pupil. The very large school systems above 25,000 and school systems with less than 1,200 pupils again spent very similarly—approximately $100 per pupil for these items.

Many facts and conclusions presented here are preliminary; further analysis may change some of the implications. In the main, trends noted are on a national rather than on a state basis. Personnel of state departments of education and school administrators may find the data useful for explaining school costs. Additional research is needed on: local economic resources and their effect on the cost of elementary and secondary education; total school enrollment as a factor in efficient spending of the school dollar; and the proper basis for study of balanced-spending patterns of local school districts.

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[16] Above 25,000, the results are inconclusive because of statistical difficulties: the class of school systems with 25,000 or more enrollment is not homogenous but rather is composed of two distinct groups of school systems.

PART TWO

Modernizing School Finance

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Modernizing State and Local Financing of Education

H. Thomas James

OVER the years I have observed, in the literature of professional education and in many conferences on school finance, the wistful search for a magic formula for state support of education that would keep revenue flowing into local districts in plentiful amounts, adjusting readily to changing needs of the general economy and education. The search has been almost as mystical as, and probably more useless than, the search for the philosopher's stone that would turn base metals into gold. The harsh realities of our time make education compete for funds with all other demands for goods and services.

Because the school provides a complex package of goods and services, it is forced inevitably by this competition into discussions of the contents of the package. Increasingly the legislatures and the Congress can be expected to look behind the institutional demands of the schools for revenue to inquire what societal demands are being served by the funds provided, and to adjust the flow of revenue to maximize societal, rather than institutional, benefits. I need not emphasize for this group the fact that societal demands are increasingly insistent and specific.

In response to rising popular demands for educational services at all levels, state legislatures are seeking ways to deal with the totality of educational support in the public sector and are finding it difficult because of the fragmentation of educational institutions supported by government, and the related fragmenting of the professional associations. The great city school systems are emerging as powerful institutions rather generally independent of the administrative lines maintained by the chief state school officers and independent also in the professional dimension from teacher and other state professional associations. They deal directly with the legislature in many states through the municipal-state political channels and are able to make special arrangements for state financing outside the framework of the foundation programs. As the effects of the Supreme Court decision on reapportionment of legislative seats spreads, the power of the great cities to maintain their direct influence with legislatures, and perhaps with the Congress, will grow.

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State universities and state colleges rather generally deal directly with legislatures. The junior college, which was once expected to develop as an extension of the secondary school, is clearly emerging as a separate institution, even in California where it seemed at first to be an integral extension of the secondary program. Vocational and adult education programs are increasingly separate in their institutional arrangements, their professional associations, and their search for fiscal support. Programs for the education of exceptional children are gaining an institutional identity. Separate elementary and secondary institutional arrangements continue to be markedly resistant to district reorganization, and even when combined by law they maintain separate identities; in fact in many of the oldest and largest school systems the divisions are sharpest. Junior high schools are beginning to claim, and get, special treatment in state support formulae in a number of states.

The first of three general propositions I want to suggest for improving state and local financing of education is addressed to the administrators of governmental and professional organizations in one large sector of educational effort. It is a plea for a united effort among educators. Build your strategies for educational improvement in terms of the total educational effort, and avoid intersector warfare. The temptation is often great for leadership at one level, whether it be elementary, secondary, vocational or adult education, junior college, college, or university, to view the extension of services at some other level as a threat. Yet evidences abound everywhere around us of how extension and improvement of services at any one level in this closely interrelated system of educational institutions ultimately improves the support and services at all other levels.

This nation is moving toward a great expansion of our allocations to support education, and only a fraction, perhaps not even a major fraction, will be expended for K-12 programs in the public sector. We are moving rapidly into an era when the most distinctive mark of a citizen in our society is not what he does, but what he studies, when all vocations require continuing education, when learning is no longer viewed as a preparation for life, but is the process and an important purpose of life itself. To the degree that our existing institutions can be shaped to serve a learning society they will prosper, and to the degree that they fail to meet the demands of such a society they will be replaced by other institutions.

The striking thing about the development of our educational institutions to date is the balance maintained between local schools and higher institutions in spite of the divisive influences I have noted. I am arguing for active support by educators of what appears to be a growing popular demand for continued expansion of educational services at all levels, for only as the educational institutions develop healthily as a whole system can healthy subsystems be expected to mature. Each level is heavily dependent on every other level in order to render quality service to the people, and united professional efforts will speed and strengthen the popular efforts. We will be heavily dependent for continued development on our great system of higher education, partly to hold our best talent in their states of origin—the student who leaves the state for his higher education is more likely to spend his productive life elsewhere—and partly to attract industry, for the new industrial world that is developing is heavily dependent on universities, both for trained manpower and for ideas, and tends to flourish in the close company of great universities.

Complicating the problem of the growing institutional complexity in education is the rising flow of federal revenue into all of these institutions. Legislators seek to obtain relief for state tax programs from this flow, and local officials attempt to retain the benefits. An example is the treatment of Public Law 874 funds, which in some states are used largely to reduce the state share of local school costs and in others are used largely to reduce local school taxes. In either instance the effects of federal funds on education, if any, are difficult to assess.

Similarly with state funds; local boards have the option of using these funds for relief of local tax burdens or for improving educational programs. Their actions are dictated in large part by the preference of their constituencies, depending on the balancing of demands for better education against the demands for lower taxes.

Both the state and the federal government can interfere with this conflict between better education and lower local taxes. Historically the federal government has occasionally tipped the balance in favor of education by categorical aids, that is, advancing funds on condition that specified services be rendered. The state legislatures, too, have used this approach and appear in general to prefer it to the broad general grant, as evidenced by the proliferation of special aid programs outside the framework of the foundation program. In spite of strong pressure from the organized profession for general aid, and in spite of the recent success in New York State in bringing many special grants into the foundation program, I expect the categorical or conditional type grant to persist and probably to flourish, for it is the most effective way for legislative bodies to assure that purposes for which funds are allocated are actually accomplished, and to force rapid adjustments in institutions that tend to adjust slowly.

A second way that states can interfere in the balance of demand for educational services versus tax relief is by mandating minimum levies on local districts, thus reducing the freedom of local boards to substitute state funds for local levies. We concluded from our recent study of state finance systems that this is an effective way to assure that state funds are used for educational purposes rather than for local tax relief. For instance, we ascribed much of the markedly higher expenditures for education in New York State, as compared to California, to the fact that New York's mandated levies are about three times as high as California's. Thus, a California local board has much greater freedom than does a New York board to use state funds for local tax reductions. That California boards apparently exercise the freedom is evidenced by the fact that districts of similar financial ability and comparable socioeconomic characteristics generally spend less for education in California than they do in New York.

There appears to have been a rather general trend over the past decade to increase the level of mandated local levies, and it seems to be an effective means of assuring that state funds appropriated for educational services actually are used to generate services and not for local tax relief. As our information on measures of local ability to pay taxes improves, it is my hope that we can launch better studies of the part that mandated levies play in strengthening educational programs.

A third kind of state interference, one that works against the satisfaction of local demands for education and forces the substitution of state funds for local levies, is the state-imposed limitation on local levies or levy rates. These limits frequently were established at the time of general increases in state support to assure that increases in state funds would result in reduction of local taxes. Even where these limits can be overridden by vote of the people, they have an inhibiting effect on expenditures, because boards of education often tend to force expenditures into existing limits for several years before attempting the often difficult tasks of persuading the community to raise the limits. I note in my most recent correspondence with chief state school officers a small but gratifying trend in recent years to raise these limits, especially in the great cities where they have been most restrictive.

I have been listing some steps that can be taken to improve the general grant in aid from state to local school districts in the traditional framework of the foundation program for school support, and I should at this point make some further comments on the nature of this traditional program. As initially formulated by Strayer and Haig and adapted in many states by Mort, the foundation program was a flat grant in that it guaranteed the same amount of dollars per pupil or per classroom to each district. If the state had had access to property tax revenue to support the grant, the yield of a uniform tax on property would have been mingled with the yield of uniform income and/or sales taxes. Since most states had relinquished direct access to the property tax, the device of identifying a fixed local rate of contribution was substituted, and unequal distributions of sales and/or income tax revenues were shaped to compensate for the unequal yield of the local rates to produce the flat grant.

R. L. Johns and others subsequently noted that a fixed dollar amount buys different levels of services in different communities, and argued that the state should equalize services, not dollars. He and others therefore began to spread the educational services plan where the local rate or contribution is fixed, the dollar value of the grant is allowed to vary as the cost of the minimum program varies from community to community, but an attempt is made to hold services constant.

On my last check it appeared to me that about 25 states could be classed in the fixed dollar plan and, if we use a very loose definition of the fixed services plan to include all those that include salaries, about 21 could go in that category; local contributions range from zero to over 80 percent in both categories. I checked the degree to which states in each category have held the state-local shares constant over the past few years and found both categories are shifting costs toward the local level; in the services category larger shares of the costs had shifted to the local districts in 14 states, and in 6 the costs were shifted to the state, with one unchanged. In the fixed-dollar category 16 had shifted costs to the local districts while 9 had shifted a larger share to the state.

Wisconsin began in 1949 an innovation that appears to be attracting increasing interest by allowing services, dollars, and tax rates to vary in accordance with local preferences. The state under this plan, and under the Rhode Island plan developed a decade later, actually supports educational programs at many levels of expenditure, but among districts of equal ability this plan favors the communities demanding the higher educational services.

We have in these three groups of state support plans a historical record of improvement in the methods of distributing public funds to educational purposes. I would argue that the services plan was an improvement over the fixed dollar plan on the simple grounds of the number of states in which the services plan has supplanted the fixed dollar plan, as well as on the sensible notion that dollars appropriated for educational services ought to be related to the services. I would also argue that the Wisconsin idea is a further improvement, on the grounds that it is good public policy in dealing with communities of equal ability to favor those that strive for better schools.

A preliminary generalization from these observations is this: To the degree that foundation programs approximate a flat grant for general purposes as defined by local boards of education, they will be markedly altered or abandoned as devices for allocating and distributing funds to local school districts, and for much the same reasons as those that marked the decline of the earmarked tax, once the great panacea for educational finance problems. It is my considered judgment that, rational as the flat grant type programs have been in their careful attention to balancing the demands of the many subunits of institutionalized K-12 education against patterns of tax preferences in each state, they cannot stand under the pressures that are developing for relating appropriations to the public purposes served by all educational institutions. The fixed dollar type foundation programs and perhaps many of the more sketchily drawn educational services programs probably cannot be adapted sufficiently in the period ahead to meet the demands for purposive expenditure of public funds for education.

The foundation program was responsive to a generalized demand for educational support in a period characterized by a vacuum of information about how such support could be effective. We still know very little about what education costs. Intensive studies of variations in costs of education within school districts are seldom done, and when they are they are so explosive in their implications for policy decisions that they are not widely circulated. We know in general, however, that costs per pupil often vary much more widely among pupils within a school district than they do among states.

Two years ago I reported to this conference on responses to the following inquiry to the 50 chief state school officers: Has any legislation recently changed the basis for allocating revenues for education, or the distribution of revenues to schools? Are any changes now being seriously discussed?

I commented then that I received little information on allocations, and quite a lot about distribution formulae. I observed that generally we appear to express too much concern for our wondrously complex formulae for distributing funds; furthermore, because we depend on the formulae to define the amount of revenue to be allocated by the legislatures, we come into each legislative session with an unconvincing criterion for determining state allocations to education. In consequence, we thereby force the legislatures to reexamine the formula. With the trend toward annual sessions of legislatures (19 now in contrast to only 4 meeting in annual sessions before World War II), many of the state school finance plans are under almost continual attack.

In preparing for this paper, I again wrote to the 50 state school officers, inquiring about any plans being proposed, or plans under discussion, for changing the financing of education. Again, with a few notable exceptions, the replies were concerned with distribution; they indicated no changes contemplated in 26 states, with minor changes in process or proposed in most of the remaining states. The changes include a continuing and accelerating trend toward use of more current attendance information or estimates in determining state support, continuing efforts to reduce the number of districts in many states, several increases in maximum levy rates and in local contributions to the foundation programs, and increasing interest in the proportionate sharing plan now used in Wisconsin and Rhode Island, with some minor features of this innovation already incorporated in New York, California and Alaska, perhaps in Utah and Maine, and proposals under discussion in Iowa, Maryland, Massachusetts, Michigan, and Nevada. Only New York reported efforts in progress for using the school support plan as an instrument to attack two great problems of our time, the dislocations resulting from racial segregation and from technological change.

The balance of state-local sharing of school costs appears to be shifting toward the local level. Over the past five years in 30 states, according to U.S. Office of Education reports, the percentage of nonfederal expenditures for education borne by local and intermediate districts has increased, and the state percentage has declined; in 18 states the state share has increased, and in 2 states the sharing remains the same. I make this generalization with caution because I am not clear on how state authorizations for local districts to enter new tax fields, as Tennessee and Alaska recently have done in sales taxing, for instance, will be handled in determining these shares.

The changes in state-local sharing have not been great, less than 10 percent except in three states that increased the state share more than 10 percent, and in Vermont, where the state share dropped more than 10 percent. The shift in Vermont apparently has developed considerable pressure for change, and a proposal for a foundation program is now before the Vermont Legislature. Even minor shifts of costs to local districts are often sufficient to generate demands for change in the patterns of state support.

My second general proposition for modernizing state and local financing of education grows out of my conclusion that the foundation programs as generally defined cannot much longer be defended as a substitute for information about what schools should cost. The proposition is this: Explain the costs of education to the public in terms of the services rendered, and schools will be better supported.

There are those among us who will argue that policy in education is a professional concern to be dealt with by professional educators; the battle cry of these groups is "Keep the schools out of politics." Yet the significant changes in public policy in our society always are made by the people, not by the professionals; and the process of formulating important decisions on public policy is, by definition, politics. As public attention focuses on policy for education, as it has done periodically before in our history, the professional who tries to shield his domain from public scrutiny does so at his peril. Two of the chief safeguards of our way of life are our society's careful attention to the control of the professional in all our institutional arrangements, and the ingenuity of the American politician in gaining access when he so desires to the most sacrosanct of professional domains.

Much of the revolution in American education which is now upon us, and much more that is coming, flows from public policy formulated in the Congress and courts of the United States, increasingly from legislative, city council, and large city school board decisions, and from emerging voluntary associations, many of them long ignored by our traditional associations of professional educators. The cold eye of television focused on the appalling differences in quality of education such as those presented by ABC-TV April 1st in "1964" will give new impetus to these shapers of public policy, not only to demand more money for education, but to direct the use of money to correct conditions that many of our people find outrageous when they discover them. Public policy is generally enforced on public institutions by budget and accounting controls, and the point I am making is that school budget and accounting processes are probably due for a vast reorganization in the decade ahead.

I will report a general observation about school budgets and accounts, draw two inferences from the observation that I think point to some serious, if not scandalous, shortcomings in our present school accounting and budgetary practices, and discuss two lines of experimentation that appear to me to hold promise for more efficient and economical management of our schools.

The observation is this: An extensive examination of school budgets over more than a decade, in many states during this period of rapid increase in school expenditures, leads me to conclude that line items of expenditures increase at about the same rate.

The two inferences I draw from this observation are that increases in the total budget are allocated across line items, not on a rationally selective basis, but on a flat percentage-increase basis; and that the reason this is so is that insufficient information is available at the policy-making level to provide a more rational basis for allocating funds, partly because accounting departments are understaffed, partly because budget departments are only beginning to appear and they, too, are inadequately staffed, and partly because the line items currently used in school accounting are more useful for concealing than for revealing information pertinent to policy decisions. We might also infer that persons possessing the most information are most biased toward institutional values, and so help to screen out information of interest to top policy levels before societal values are served.

I propose two lines of experimentation to increase the usefulness of school accounting in budget making, and to increase the flow of information to the critical levels of policy making.

First, school accounting is generally viewed as a system for making historical records of financial transactions, reporting legal and prudential stewardship of public money, and summarizing periodically the financial position of the district. The line items grew from simple operations and have remained fixed for half a century despite growing complexity in school district operations. Whatever utility the line items had initially for reporting and for periodic summaries of the cash position of the district, they are not now useful for any systematic analysis of school expenditures in terms of input-output models. The first line of experimentation I suggest is therefore toward devising a system of accounts that will break down the complex operation of modern school districts into rational subsystems within the total system. Such a breakdown should permit analysis of relatively complete subsystems on a comparative basis. We already systematize our accounting for transportation and food costs, and are beginning to do so in systems for financing education of handicapped children. These beginnings can be extended, and other subsystems can be identified.

What I am urging is extensive experimentation to determine what subsystems are most useful for analysis, whether it be by attendance centers, or by areas of instruction, perhaps even by subject-matter and by grade level, and to see whether each of the systems of services auxiliary to instruction can be analyzed. Modern accounting technology makes any of these approaches feasible; in fact, the equipment available in many school systems puts us in reach of another kind of analysis that may eventually make a real breakthrough in the study of school costs, through analysis of exposure of the individual child to school services on a basis not unlike the job-order approach to allocation of hospital costs, or car repair costs in a garage.

Second, given the necessary accounting by subsystems, it should be possible to raise more information to the policy level for making efficient decisions on budgets by requesting responsible administrators at the lower levels to estimate the consequences of alternative allocations to each subsystem on performance. Thus the administrator of a given subsystem could be asked to prepare, and justify in terms of performance criteria and value judgments set by the top policy-making level of the system, three separate budgets, one based on the previous year's allocation of funds to that subsystem, a second contemplating, for instance, a 20 percent increase in the funds, and a third contemplating a 20 percent reduction in the allocations.

Innovation and experimentation along these lines clearly will call for substantial increases in the staffs of accounting departments, and probably will require the development of separate departments of budget planning, system analysis, and preaudit functions quite separate from the business operation division, with the postaudit function lodged in a third department of audit, or performed outside the school system.

The results of such innovations would provide an enormous expansion of information relevant to budget decisions at all levels of the school system. It would take us a long way in the direction of rational assessment of the effects of financial input into the system in terms of the output of services for which schools are operated. It would bring us closer to the time when we can allocate state funds to local school districts on the basis of a rational transaction that will balance supply and demand factors at each level of our complex structure for decision-making on school finance. This seems to me to be a logical projection of the trend in determining state support, and, given adequate information as a basis for negotiation at each level, should provide a great improvement over most of the existing plans.

My third proposition is this: Heed the dissenting voices and let our educational institutions adapt to state and regional needs. Educational institutions develop remarkable rigidities as they age, and these rigidities can cause them to malfunction either through sins of omission or sins of commission. Like any ailing institution, the degree of malfunction can be measured in loss of clientele and in the rise of competing institutions. Not all of our public schools serve a high percentage of the community's youth, but those that do are young and growing, and adaptive to the needs of the communities they serve. They can be kept that way only by allowing minority voices to be heard in the councils where policy for education is made.

White Anglo-Saxon Protestants have made policy for American public schools from the beginning; they still do in the majority of school districts. But if I may be permitted to make a remarkable understatement, this situation is changing. White Anglo-Saxon Protestant voices no longer dominate the important forums on educational policy at the federal level, nor in all American cities, nor in the more populous American states. Increasingly, Roman Catholic, Jewish, and above all, American Negro voices are raised in these councils, no longer apologetically. American public schools were designed to serve all of our people, and they extend their services under the legal precept that citizens accept them not simply as a right, but as a duty of citizenship. It is my conviction that we can improve our school systems as we devise ways for all of our people to sit down and reason together about how improvements can best be made.

Finally, let me express a reservation about a popular theme in our recent conferences, the view of educational expenditures as investment. There is a danger in viewing education as a commodity, like gilt-edged bonds, that can be stored away, with coupons that can be clipped and cashed. As the evidences of the economic returns of education accumulate, parents keep a wary eye on their children to see that they keep up with the Joneses' children. Furthermore, one watches to see that the certificates one's child gets are sound currency, for eventually he will want to cash them into the larger denominations obtainable only from Harvard or Stanford, or those other clearinghouses for the really big transactions in this new kind of currency. One tries to live in a community that deals only in a sound educational currency, readily convertible to the gold standard of higher education at high rates of exchange. The resulting atmosphere of economic competition makes equalizing educational opportunities difficult.

In this strange new world where my neighbor is now a jealously watched competitor, whose son may steal my son's place at Stanford, the social ends of education no longer are wise self-government but have become something called economic growth. The extension of educational programs among the developing nations is intended to foster, not the education of man and the peaceful extension of self-government, but the training of manpower and the rapid rise in national indices of economic productivity as they hasten toward the take-off point that means rockets and warheads and new international competitors in the world power struggle.

This new materialistic image of education, this emphasis on manpower rather than man, is disturbing to many of us. Historically we pursued education in our society as an end in itself. A liberal education was a good thing in and of itself, good for the individual who possessed it because it made him aspire to and appreciate the good life, and good for the society he lived in because, as individuals increased in wisdom, the society increased in capabilities for wise self-government. Under this view we could pursue our own education and that of our neighbors with equal enthusiasm, because our individual and our mutual satisfactions rose together as enlightenment spread. In this view, education is an integral part of the good life, an end in itself for the individual and for a self-governing state, to be pursued with diligence, with altruism, and with honor.

Perhaps we must live with the materialistic image of man as one of the hard facts of our times and somehow work it into the equation that is shaping educational policy in a climate of technological change. If so, I hope that as we pursue our plans to generate the efficient economic man, we can remember his social nature and the values we attach to enlightened self-government. Let us not try to shape each one in a standard mold; we will need some to govern with wisdom, and some to write poems to our mountains, or paint our sunsets, or fish and hunt in our rapidly shrinking wilderness.

Economic Impact of State Support Models on Educational Finance[1]

LeRoy J. Peterson

GOVERNMENTAL costs of all types, education included, have become burdensome to many communities, and as a result the localities increasingly have looked to outside sources for additional revenue. Support has thus shifted to larger taxing units.

The shifting support pattern has raised questions concerning the suitability of existing state support programs and has stimulated reexamination of existing programs as they relate to the following developments: reduction in numbers of local school districts; new forms of wealth and income; new revenue patterns; persistence of inequities in state support and exaggeration of inequities through supplementary programs; the emphasis on broader fiscal planning for all public expenditures; and the need for guidelines for equity in the present and contemplated distribution of state and federal funds.

These facets of the problem underscore the need for more discerning criteria against which to evaluate the many demands for increased public support. Such criteria should move beyond statements of theory and have direct and immediate pertinence to public fiscal operations. The relationships of services such as education to the many other public service demands which compete for the tax dollar must be subjected to systematic examination. Within this framework of total concern, the probe for an integrated system of state allocation of funds to local government must begin. The search for adequate, stable, and equitable support for local schools was undertaken with these objectives:

- Investigate state support programs to identify relationships of governmental and educational need, financial ability, and effort as reflected in public revenues and expenditures.
- Determine the effects or influence of representative patterns of state support on local school districts of varying characteristics.
- Demonstrate the effect of varying patterns of state support on the operation of local school districts.
- Describe the impact of substantial changes over time in state support of education and local government.
- Provide a foundation for further identification of factors critical to the

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relationship of state and federal support in financing education.

- Establish benchmarks for continuing study by interested scholars and agencies of pertinent aspects of school finance.
- Seek ways of measuring more adequately the educational responsibility and fiscal capacity of school districts.
- Assess the relationships of educational finance to public finance.
- Design a hypothetical state support model embodying concepts and specific recommendations derived from the analyses of data collected and analyzed in the study.

The impact of changes over a period of time in state support of schools and/or other municipal functions in Wisconsin was examined to identify changes, either educational or municipal, which occur when state support to either the school district or the municipality is substantially altered. Population growth, changes in school enrollment, changes in equalized valuation of property, trends in revenue from the property tax, changes in valuation of various assessment categories of property, and the influence of inflation were examined.

A classification of school districts was created to provide a comprehensive framework for the study of socioeconomic differences among communities which give rise to potential inequities in public finance. Six classes of school districts were defined as follows:

- *Large city*, 200,000 or more population, and a metropolitan center;
- *Medium city*, 30,000-199,999 population, not contiguous to a large city;
- *Small city*, 7,500-29,999 population, one major industry not related to local agriculture and over 50 percent of school enrollment from the city;
- *Established suburb*, 10,000-75,000 population, with population growth averaging not over 3 percent per year during the last decade;
- *Developing suburb*, 5,000-25,000 population, with population increase exceeding 100 percent during the past five years; and
- *Agricultural service center*, 2,500-7,499 population, with over 50 percent of the public school enrollment residing outside the municipality.

This classification, reflecting degree of urbanity, was compared with a modification of the taxonomy developed by Brazer.[2]

There were 104 Wisconsin school districts that met the classification criteria defined above. For each of these communities, 161 variables describing educational-sociological and economic characteristics were identified, collected, and analyzed in an effort to identify general measures of educational responsibility and fiscal capacity and to discover significant relationships among these variables.

Educational-sociological characteristics were described by three types of variables:

- General population variables reflecting such characteristics as numerical strength, occupational bent, and educational attainment.

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[2] Brazer, H. E. *City Expenditures in the U.S.*, Occasional Paper 66. New York: National Bureau of Economic Research, 1959. p. 61-64.

- Quantitative and qualitative measures of school-age population.
- Principal differences among educational staff with respect to sex, preparation, experience, and salary.

The economic characteristics were described by variables measuring types of public receipts and expenditures.

These data were then subjected to intercorrelation, discriminant analysis, and factor analysis. Intercorrelation was used to identify variables which were closely correlated and to assist in reducing the total number of variables. Considered in discarding variables were accuracy, reliability, and availability of data. Discriminant analysis was employed to determine whether the classes of district were, *in fact*, unique. Finally, factor analysis of the data was employed to identify factors of educational responsibility and fiscal capacity and to describe relationships among variables, giving direction to the development of a hypothetical state support model.

In order to help clarify and expand the understanding of the factors and relationships revealed in the analysis and interpretation of the data described above, additional details and descriptive data were obtained from 24 school districts in four states; one from each state for each of the six classes of districts. These four states were selected partially on the basis of geographical distribution, but primarily on the basis of the distinctive character of their state support program; namely, large flat aid payments (Oregon), flat payments based on special qualitative aspects of program (Tennessee), foundation program (New Jersey) and incentive aid program (Wisconsin).

Data gathered included: organization of the school day and year; school census for 1962; follow-up of graduates; school organization; transportation; school lunch; recreational programs; attendance services; community services; special services and services to nonpublic-school pupils; age-grade distribution of the school population; staff deployment and utilization; staff preparation, experience, compensation, and assignment details; an inventory of school district property; and detailed information on private costs. These data were subjected to statistical treatment insofar as appropriate and possible. The Friedman two-way analysis of variance by ranks both by classes of district and by states was applied in most instances. In addition, the amount of financial support that each of the 24 districts would receive under each state support formula was calculated.

Utilizing the concepts and relationships uncovered through examination of the impact of state support on educational and public finance, statistical analysis of data from 104 Wisconsin school districts, and analysis of the financial patterns and detailed characteristics of 24 school districts representing six classes of district in four states, a hypothetical state support model was designed. The feasibility of the model was demonstrated by its application to the six Wisconsin school districts selected for detailed study in the latter phase of the research. The following conclusions were based on the analysis of data:

- Expenditures for education in Wisconsin more closely parallel economic conditions than do municipal expenditures.

- State support of education has served to substitute for, supplement, or stimulate local effort.
- Discriminant analysis of the data indicated that the 104 Wisconsin school districts were not representative of the same population. It is apparent that real differences other than those due to gross size exist among the six classes of district developed for the study. However, a unique set of characteristics that precisely distinguish among districts was not identified.
- Factor analysis confirmed that study of educational finance is complicated by the intricate pattern of relationships which exist among variables which measure wealth in the form of property or income, sources of school support, expenditure for education, and educational program. No close relationships were found between municipal receipts and disbursements and variables relating to educational support, educational expenditures, or educational program.
- Each of the four state support programs contains provision for some equalization of the financial burden of school support, as well as providing revenue to each local district that could be substituted for local tax effort.
- No statistically significant differences exist among the dollar amounts received by each district under the four state support formulas.
- Substantial variations exist in tax rates for school purpose among school districts within a state.
- Most operational differences among districts were found to be randomly distributed throughout the six classes when analyzed statistically. Only per-pupil budget allocation for administration, number of minutes per day in grades 10-12, mean and median teachers' salaries, mean degree held by teachers, maximum potential instructional hours per teacher, and cost of dances to high school pupils were found to have significant differences among classes of district.

Conclusions and Implications

Objectives of state support have been well considered and clearly formulated, but more often from a philosophical than a research viewpoint. There is no clearly stated theory of educational finance available for testing. Research often shows effects of state support at variance with its stated objectives and changes in state support based on research have been implemented slowly. Because there has been no coordinated research attack on finance problems as a whole, state support programs are frequently adopted without research and the testing of assumptions upon which they are constructed. Since state support of education may have several, often conflicting, objectives, desired objectives should be explicitly incorporated in the operational design of the formula.

Educational finance with few exceptions has been considered in isolation from other aspects of public finance; however, to achieve equal treatment under similar economic conditions the financing of local educational and governmental enterprise should be considered in totality.

The factor analysis indicated the following conclusions: No single measure of wealth presently used adequately describes ability of a community to support public services. Personal income tax paid is the most adequate measure of fiscal capacity available from public records. Relative community wealth and local school support are not related to size of population. Municipal support is essentially unrelated to measures of fiscal capacity. State school support is inversely related to measures of fiscal capacity. Municipal support and local school support tend to be unrelated or inversely related to each other. Educational responsibility cannot be assessed in a clearcut fashion utilizing simple measures such as population, numbers of staff, or ADA of pupils. Educational responsibility of a community must be financed through a program of support related to, but not limited by, the fiscal capacity of the district. Many elements of education and educational finance are distinctive and not related to other variables or factors in any consistent manner, i.e., teacher qualifications, pupil-teacher ratios, etc.

Statistically significant differences among classes of districts obtained by discriminant analysis indicate a choice must be made between developing a state support program that deals uniquely with each school district or of identifying characteristics of all possible classes of districts and developing appropriate state support programs for each class.

From analysis of operational differences among 24 districts, it was evident that municipal and school finance are unrelated under present state support programs. In addition, local decisions determine many aspects of the educational program of a school district.

Based on the above results and conclusions, a hypothetical state support model was proposed.

Hypothetical State Support Model

The dimensions and framework of the model are described by the following recommendations derived from the study:

- The relationships among school, municipal, and county finance should be recognized.
- Educational responsibility should be described in terms of a "price program" which emphasizes quality, productivity, and efficiency.
- The model should incorporate the best available measure of fiscal capacity.
- Desirable special cost features must not be discouraged.
- The same relative level of local effort should produce equivalent educational programs in all school districts.
- Incorporation of private and parochial school costs (while not recommended) should be possible.

The following state support formula is proposed:

$$\text{State support} = (1.00 - \frac{FC_D}{SR_D}) \times PP_D$$

where:

FC_D = fiscal capacity of the district expressed as a percent of the state total

SR_D = service responsibility of the district including those of the county and municipality expressed as a percent of the state total

PP_D = the priced program of the district including county, municipal, and educational services.

No definitive measure of fiscal capacity emerged from the analysis, but net personal income tax paid appeared as the major component of the most comprehensive factors describing educational climate which also correlated with other measures of wealth and income flow. The use of equalized valuation of property cannot be justified, since different types of property were shown to be unrelated or even negatively related to each other and to their total. However, any method of determining fiscal capacity is easily geared into the model as long as the percent of state total found in each district can be ascertained.

The priced program is the amount of money necessary to provide high quality, efficiently operated public services using commensurate methods, procedures, and equipment. The educational program of each school district would be priced by the local district and reviewed by the state educational agency. Municipal and county priced programs would be determined by the method deemed appropriate by the state. Where municipal and county expenditures are more or less than the priced programs, commensurate local tax adjustments would follow. However, educational expenditures less than the priced program would entail reduction of state support while all expenditures above the priced program would be borne locally.

The service responsibility of each district may be calculated as the priced programs of the municipality, the county, and the school district reduced by the respective revenue receipts including shared taxes, grants-in-aid, etc., and is expressed as a percent of state total.

Districts having fiscal capacity in excess of service responsibility would be assigned a financial obligation to a state equalization fund by the application of a state-determined rate to the excess.

Should a state decide to provide support greater than that needed for equalization, it could determine the percentage of the priced program to be supported in all districts. This amount would be subtracted before equalization support is calculated.

Financing Public Education in a Big City

Orlando F. Furno

We as a people are committed to the democratic ideal of equality of opportunity. Few would deny this. Educationally, opportunities depend upon financial support. Insofar as the great cities are concerned, the central issue is not commitment to the ideal of equality of opportunity but to this question: How much can the schools, as one community institution alone, do to aid those who have been disadvantaged by events beyond their control? Functioning alone, the schools can do little to cope with the great social problems of unemployment, unbalanced housing patterns, racially unbalanced schools, inequality of opportunities, or the pernicious effects of poverty. These conditions, however, create problems which education cannot evade. The schools can do much to see to it that educational policies, at both the local and state levels, do not fan the flames of hate, promote the cause of injustice, or lessen learning opportunities.

If equality of educational opportunity is to be achieved in the schools of our great cities, financial support plans for education must be drastically revised. We in the great cities ask no more than that all districts, large or small, be treated equitably in the distribution of funds for education.

Inequalities in Financial Support

By almost any standard of measurement, school costs have increased. In 1900, total school expenditures for public education amounted to only $215 million. Today, we are spending in excess of $20 billion—more than a ninetyfold increase. Despite these gains in financial support, despite these trends for improving the quality of our instructional programs, despite the principle of state-local support of the foundation program, despite the challenges of change, there never has been, nor is there now, equality of educational opportunities in these United States. Moreover, under present support plans there never will be.

Schools in poorer communities offer poorer educational opportunities to children today just as they did decades ago. Who needs to probe deeply to discover great disparities in educational opportunities? There are still some 13,000 one-room, one-teacher school houses. Contrast this to the rich educational offerings of some of our wealthy suburban school districts.

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What accounts for the difference between poor schools and good ones, whether they be in rural communities or in the slum areas of our great cities? The difference lies neither in innate pupil intelligence nor in community effort, but in money. Money—translated into good rather than poor teachers, adequate rather than inadequate teaching materials, small rather than large classes, and modern rather than obsolete school buildings—creates these differences. When there is lack of money to buy books or to offer instructional programs geared to each student's individual needs, pupils in great numbers drop out of school. Drop-outs become unemployables, unemployment creates poverty, and poverty breeds crime and corruption. Funds that should have gone into education must now go into welfare payments and crime prevention. Expenditures for these and other such purposes have come to be known as "municipal overburden."

Municipal Overburden

Data are available to show that as population density increases, the per-capita cost of municipal government sharply increases. Police organization, transportation facilities, traffic control, fire protection, waste removal and disposal, sanitation facilities, snow removal, smoke control, supervision of weights and measures, street maintenance, welfare programs, public hospitals, libraries, and museums are a few of the services that increase municipal expenditures in the great cities. No one maintains that these services shouldn't be provided to people in rural areas. But in the great cities such services are more urgently needed. To the extent that they are paid for by property taxation, great cities are not as rich for school purposes as measures of wealth in them might indicate. For example, in Baltimore, Boston, Buffalo, and New York City, almost three-fourths of the revenue from property taxes goes to support nonschool governmental services, and in more than half of the great cities, the nonschool share of the property tax is over 60 percent. Whereas most state aid formulas recognize sparsity of pupil population as a factor, few make allowances for density of pupil population.

Decreasing tax base and ability to support education. At the same time that nonschool governmental costs have increased, great cities have experienced decreasing tax bases to support municipal functions. In a recent study, Carl Thornblad showed that great cities support municipal functions primarily from local property taxes. With respect to education, 12 of the 15 great cities pay well over 60 percent of the total costs for operating public schools from local revenues. Yet in these same great cities the property tax base—taxable assessed valuation—has not even kept pace with pupil population growth, much less with increased costs due to municipal overburden.

The erosion of the property tax base in great cities is the result of many forces. As Paul R. Mort said, "Great highways through the cities and great bridges are not taxed, even though 90 cents on the dollar may have come from the federal government in the first place." Despite the fact that car ownership is low in the great cities, these cities have been compelled to turn large areas of their taxable land into free public transportation arteries. Also, however beautiful the new state and federal office buildings and courthouses might be, they are not taxable. The same holds true for slum clearance and the construction of public housing projects. Even the construction of parks and green areas, needed though they are, reduce the cities' tax capability to support schools.

Recognition of municipal overburden in state aid formulas. At the turn of the century and for a few decades later, municipal overburden didn't represent too great a fiscal problem in great cities. Schools were supported at relatively high expenditure levels. But this is not true today. No state recognizes in its foundation program the fact that the ability to support public education is reduced in school districts wherein the costs for nonschool governmental purposes are relatively high. LeRoy Peterson et al, in their historic study, *Economic Impact of State Support Models on Educational Finance,* recommended that adjustments for municipal costs be made in formulas for state support of education. So did the Research Council of the Great Cities Program for School Improvement in its booklet, *Fiscal Policies To Meet the Needs of the Great City School Systems in America.* Municipal overburden, clearly, erodes a community's ability to support education. This problem of municipal overburden is so great that John W. Polley in his study, *Variations in Impact of Municipal Government on Ability To Support Schools,* considers the question to be more than a problem for school finance alone. Since the financing of schools and the financing of municipal services are paid for out of the same area of taxation—property—then we should look for solutions in areas other than school finance alone.

Access to Wealth

Great cities face another problem in their struggle to support education: the problem of obtaining sufficient school funds in the presence of what is obviously great wealth. Many cities are saddled with property tax limitations. Too often, the removal of property tax limitations and debt limitations is viewed as the solution to this problem. Many authorities, including those in educational finance, advocate fiscal independence for great cities and elected rather than appointed school boards. While these developments might be desirable, they do little to obtain the necessary funds to defray the evermounting costs of government in great cities.

True enough, great cities in general lack complete access to their own wealth. But when we speak of wealth here we have in mind property taxation. But property taxation must support both school and nonschool governmental services. Since most of these services are supported locally rather than at the state and federal levels, removal of property tax limitations holds little hope of correcting the money shortage in great cities. Some persons have recommended metropolitan taxes—sales, income, and other local nonproperty taxes. Such taxes at local levels create more problems of support than they solve. What is needed is a radical shift in support of many governmental services from the local to the state and federal levels, leaving property exclusively to the support of education and a few other local functions.

Recognition of Program Cost Differentials

Over the years, state governments have not seen fit to recognize instructional program cost differentials. That these cost differentials exist is plain for all to see. In a recent Great Cities Research Council study, it was found that the vocational-technical program costs 1.81 times as much and special educational programs for the handicapped cost 2.13 as much as the regular academic elementary school program.

The cost ratio and average cost per pupil by instruction areas in great cities is as follows:

Program	Cost ratio	Average cost per pupil
Kindergarten	0.49	$199.89
Elementary	1.00	408.20
Junior high	1.20	489.69
Academic high	1.34	544.97
Vocational, trade, and technical high	1.81	737.00
Special education for the handicapped	2.13	867.80

Also, great cities provide more educational programs than those associated only with public elementary and secondary schools. Such programs as evening schools, adult education, Americanization programs, junior colleges, and in some instances four-year public colleges, all drain funds from the local tax base, diluting still further the communities' ability to support public education.

Moreover, not only do the great cities attract large numbers of in-migrants with little or no taxable wealth, but also children whose needs can best be met only in the most expensive educational programs. Yet no state program recognizes adequately differences in units of program capacity. Present state financial plans equalize units of expenditure levels focused on equalization of units of tax burden and not on educational program capacity units. If all school districts are to be treated equitably, if all children are to receive equal educational opportunities, then state aid programs must recognize cost differentials in terms of units of program capacity.

However, failure to recognize units of program capacity cost differentials represents a minor problem compared to the state's failure to recognize municipal overburden.

Recognition of Valid School Construction Costs

In its recent paper, *The Challenge of Financing the Public Schools in Great Cities*, the Research Council of the Great Cities Program for School Improvement requested that state school construction aid be provided for all school districts and that full consideration be given to all factors which cause variations in costs for school construction.

Yet no state makes allowances for inflation, nor for differences in site costs, nor for differences in school construction costs. According to *School Management's* Cost of School Building Index, school construction costs have increased almost 15 percent over the last 8 years. Higher labor costs and strict adherence to muncipal building codes also make for higher school plant construction costs in great cities. With respect to school sites, the average cost over the past five years was $68,156 per acre in great cities compared to $3,074 per acre in other districts in the states sampled. In some instances, it costs as much to purchase a site in the central cores of our great cities as constructing the entire school does in most other districts.

Finally, complex procedures for authorizing bond issues and expenditures for school plant construction in great cities tend to create construction delays reflected in increased school building costs. Such procedures should be simplified. All districts should be free of cumbersome legal restrictions which prevent them from administering their fiscal affairs effectively.

Recognition of Quality Staff in Adequate Numbers

Most persons would agree that the heart of any school system is the classroom. And what is of great importance here is the teacher and pupil! Whether a school system is good or bad, successful or unsuccessful, must be measured by what happens in the classroom. Every provision of budget, of space, of materials, and of staff must be justified by what goes on in the classroom and how well each pupil learns and develops.

Yet staffing statistics indicate that great cities more than any other group of school districts suffer from inability to obtain quality teachers in sufficient numbers to meet the growing demand. Over the past decade, in Baltimore City, the number of unqualified teachers has increased from 5 percent to almost 25 percent. This same situation is true of many other great cities.

Recognition of Aid to Private School Pupils

Recently Maryland's Attorney General ruled that for private school pupils to receive part of their education in public schools and part in parochial and nonreligious schools was perfectly legal. Many of us know this as the shared-time concept. When coupled with the shared-cost plan for financing education, the shared-time concept has interesting and exciting possibilities for federal, state, and local support of education. Public schools in great cities are not in a position today to educate even for part of a day, all the parochial and other private school pupils without substantial increases in financial aid.

Summary

In summary, financing public education in great cities requires the solution of some complex and controversial problems. Inequities in financial support, failure to recognize municipal overburden, decreasing tax bases, decreasing ability to support education, lack of access to wealth, failure to recognize program cost differentials, failure to recognize valid costs for school construction—all represent pressing problems, obstacles to be resolved.

Schools can see to it that educational policies, particularly financial support programs, promote rather than hinder equality of opportunity in our great cities as well as in our rural communities. This requires more funds than cities have access to or state legislatures are willing to appropriate. Yet how we resolve this great social problem may well prove American democracy's most crucial test. For as President Kennedy said, "Only an America which practices what it preaches about equal rights and social justice will be respected by those whose choice affects our future."

Special Problems in Financing Education in the Small Schools

Leslie L. Chisholm

THE small schools have many finance problems that are common to the schools in the big cities, the average size communities, and all other areas. In fact, there are more common problems in school finance than there are problems unique to districts of any given size. In addition, there are two kinds of small schools: the schools in properly reorganized districts able to provide as effective and economical a program of education as possible in the given geographic area; and the schools in small, ineffectively organized districts. For the leaders of small schools, or those in any other type of school, to talk about financing the schools without a clear-cut design of the program to be financed is absurd. The finance program should be a means to a desirable goal. That goal is an adequate program of education for all children and youth. So important is this point that its general contours should be spelled out here.

An educational program for the small schools involves seven considerations. First, every child has the right to a continuous program of education from the kindergarten through at least twelfth but preferably the fourteenth grade.

Second, there should be effective teaching of the traditional skills such as reading, writing, spelling, language arts, and arithmetic, supplemented with a rich program dealing with the social, economic, scientific, and political life in America and throughout the world today.

Third, there is the world of work. Traditionally, vocational training for boys and girls in the small communities has been confined largely to agriculture and home economics. For numerous reasons, this is woefully inadequate. For two decades large numbers of youth have left the rural areas to seek work in the city. Many of those youth are prepared only for common labor. The area of vocational preparation should be opened wide for all, with particular emphasis on a program for those who plan to terminate their formal schooling upon graduation from high school or from the community or junior college. Statistics show that a disproportionately large number of the unemployed come from the areas served by the small schools.

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Fourth, there needs to be a comprehensive program of special education to meet the needs of many groups. Among these groups are the mentally retarded, the physically handicapped, the gifted children, and those with limited vision. The incidence of occurrence in the total population of each such group is as great in the small communities as it is in the other size communities, although the problem may be and frequently is less often recognized in the small communities because it is easily overlooked.

Fifth, the children and youth in the small communities, like those in all other communities, have a need for and a right to adequate guidance and counseling services. Without these services, even if the curriculum offerings are available, large numbers of pupils will not be able through their own effort to avail themselves of much that the school has to offer them.

Sixth, a carefully planned program of pupil transportation is essential in the small schools. Transportation is the means whereby many children now in schools that can never provide an adequate program may attend properly reorganized schools with adequate opportunities.

Finally, the boys and girls in the small communities need adequate school buildings and grounds, with proper equipment. The usual plan of merely adding a science laboratory, a shop and some machinery, and perhaps a few general classrooms will not meet the need. A broad, new look must be taken at all aspects of the total education program for the small schools, and the program must be greatly expanded and revitalized.

School district reorganization is in many cases the only feasible way to provide the educational opportunities needed today. Some districts now are well organized, but in some geographic areas small, ineffective districts still exist.

A voice in school finance leadership is important to the small schools. Without representation on the committee directly responsible for developing the school finance program, the small schools are sure to be overlooked to a considerable extent.

Developing the various weightings for the measure of educational need used in the state distribution formula involves technicalities, although this task for the small schools is strikingly similar to the comparable task for the largest schools and to a considerable extent for the schools of average size. Even so, no one measure of educational need—ADA, ADM, classroom unit, or some other—is sufficient to represent adequately the situations in all types of districts.

A revision of the formulas for school support may be necessary in order to ensure a coordinated school finance program for the whole state as a replacement for the various and frequently unrelated, patch-work school support provisions too often found.

A considerable amount of research is available to indicate that the proper reorganization of the school districts, particularly in the areas served by the small schools, is closely related to the school finance program.[1] Actually there are ten points at which the school finance program has its impact on the effective reorganization of school districts. Unless those who prepare the school finance program incorporate these features which research has demonstrated to be valuable, the best interests of the small schools will be far from properly represented.

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[1] Chisholm, Leslie L. "State Finance Programs Handicap Reorganization." *Nation's Schools,* April 1959.

An extensive school building program is essential if a quality education program for the small schools is to become a reality. To leave the task of financing this program to the local school district as it traditionally is done means that the local property tax will carry the burden and hence that the need generally will not be met during the foreseeable future.

Appropriate intermediate units should be organized and properly financed in order to provide those special services which cannot be provided economically by properly reorganized local school districts. A part of the research in this field deals with the incidence of special groups, such as the educable mentally handicapped, in a total population and the approximate size of a geographic area large enough for effectively conducting classes for each special group of pupils.[2] The place of the intermediate district should receive proper attention in the school support program.

The property tax is the major tax on which the local school district must depend. It, therefore, is the lifeblood of the strength and vigor of the American local school district system. Yet, the property tax often is inefficiently administered. In many areas, inadequate and inequitable assessments, exemptions of several kinds, and property tax limitation laws have been permitted to erode this source of school support.

The need for federal aid for education, while not unique to the small schools by any means, is a subject of great interest to them.

The need periodically to restudy school needs and the adequacy of the school finance program has grown more urgent during recent years because of the rapidly changing nature of educational needs and of the economy itself. No school finance program can be planned to meet all future contingencies. A reexamination of the program from time to time is the only effective way to keep the program in harmony with current needs. But that reexamination should involve a study of the implications of any change to the total school finance program, rather than being a proposal for merely adding a somewhat isolated appendage to the program.

Improvement of the small schools is a nationwide responsibility. Of the ten most rural states, eight are below the national level in the median number of years of school completed by persons 25 years old and older. Eight are below the national average in the percent of high school graduates in 1962 as compared to the eighth grade enrollment four years earlier.[3] For example, in my state, which does not happen to be one of the ten most sparsely populated states, the median number of years of schooling completed by persons 25 years old and older in the rural areas runs as much as two years below that of those in the same age group in communities of considerable size.

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[2] McPherran, Archie L. *The Nature and Role of the Intermediate District in American Education* (an unpublished doctor's dissertation). Lincoln, Nebr.: University of Nebraska, 1954.

[3] National Education Association, Research Division. *Rankings of the States, 1963.* Washington, D.C.: the Association, January 1963.

A long-range program of school improvement and finance stimulated by local and state leadership can do much to reduce lethargy, traditional conservatism, and indifference in the communities concerned. It can also furnish continuity where relatively frequent changes in the superintendency or other school personnel tend to create an unstable situation.

The small schools need to develop a comprehensive, consistent program of public relations tuned to school finance needs. While neglect in this respect has been the greatest for the small schools, this need is of considerable significance in the financial support of all schools. The aim in this program should be to develop in the people of the state, as well as in the legislators, a functional understanding of the school finance program being proposed and the nature of the results that would be achieved under the proposed program.

By way of summary, it could be said that the aim in financing the small schools should be not merely to get more money to support their present program, inadequate and ineffective though such support frequently is, but to provide a program of education of sufficient scope and depth to meet the changing needs of society. The leaders for the small schools, as well as leaders for all schools, should work for a program of school support that will enable the nation to move toward the goal of a high quality of education for all children.

Financing Public Junior Colleges

Howard A. Campion

THE two-year public junior college, variously referred to as community college, regional college, or city college, is a relatively new institution. At the turn of the century there was not a single institution of this type in existence. Between the high school and the four-year college there existed a large area of educational need that was not served by either. The restricted pattern of higher education, the selective policies of admission, and the economic problem of attending the then existing colleges and universities made it difficult or impossible for many high school graduates to secure further education. So America invented a new institution designed to extend educational opportunities to an increasing segment of the population, and to provide an "open door" to post-high school learning.

The first public junior college was established at Joliet, Illinois, in 1901; today there are about 450 public two-year colleges, and the number grows each month. Of the 90 new institutions of higher learning established in the United States in the past five years, 69 were two-year community colleges.

Purposes of the Junior College

The basic aim of the junior college is to bring post-high school education within commuting distance of everyone, at a cost that will not discriminate against those in lower economic levels. This immediately demands a broad diversification of offerings to meet the varied needs, interests, and abilities of this enlarged segment of the population; and this in turn requires a broader concept of student personnel services.

The following are usually accepted as the basic purposes or functions of the junior college:

- An adequate program of counseling and guidance that will recognize the existence of *kinds* of ability as well as *degrees* of ability
- Lower-division (transfer) college programs for those students who plan to continue their education beyond that offered by the two-year college
- Occupational education for those students who will seek employment upon completion of their junior college program (two years or less)
- General education in order that every student may function more effectively as an individual and as a member of his family, his community, his state, his nation, and his world

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- Continuing education for those persons who have left the full-time school, and who need additional general or technical education to meet the daily problems of a changing world
- Remedial or "maintenance and repair" education for those who, for many reasons, may be deficient in prerequisites of the college. (How much of such remedial instruction should be attempted by the junior college is still a moot question having implications for the following discussion of financial support.)

Organization and Control

The control of junior colleges follows no single pattern. While ten states have not yet taken steps to authorize such institutions, there is evidence that all states are moving toward recognition of the junior college as a part of the higher education (post-high school) structure of the state. Within this generalization there are many variations in the legal status, organization, and finance of America's newest and most rapidly growing segment of education.

Although seven states have set up completely *state* controlled junior colleges, *local control* is emerging as the most common organizational pattern.

The unified district is still the pattern of local control most often followed. In this structure the same local board of trustees is responsible for both the junior college and the lower schools. From this type of organization emerge some of the most critical financial problems faced by the junior college. Since all local tax monies go into the common funds of the unified district, the junior college finds itself in competition with the high schools and the elementary schools for a share of the common fund.

The independent junior college district, a second organizational pattern under local control, has shown the greatest increase in numbers during the past decade. Such a district may be on a county basis, as in Florida and Arizona, or it may be any appropriate territory decided upon by the voters (with the approval of a state agency), as in Idaho, Texas, or California. The independent junior college district has its own governing board and the authority to establish its own budget, tax rates, etc.

State junior colleges have been set up by seven states. There are two general types. The junior college may be operated as a branch of an existing university or college, as in Ohio, West Virginia, and Alaska. Hawaii has a proposal before the current session of the state legislature to establish branches of the University of Hawaii as junior colleges throughout the islands. This same proposal would provide for bringing into Hawaii's junior college system the existing technical institutes and vocational schools now operated by the State Department of Education. If this is done, the junior colleges and the technical schools would come under the aegis of the state university. (This writer has some reservations regarding the effectiveness of such a plan.)

The second type is operated by the state, either under a special "Board of Regional Community Colleges," as in Massachusetts, or under a "State Board of Trustees of State Colleges," as in Rhode Island.

There are many combinations and variations of these patterns of organization; and even some unique setups such as that in Wisconsin, where the legislature recently granted authority to the local "schools of adult and vocational education" to grant the associate-in-arts degree, thus bringing them into the junior college family.

It would appear that the most common characteristic of junior college organizations is that they are all different! This is not a criticism—indeed it may prove to be the great strength of the movement. The community college is still young, and experimentation in various forms of control and operation will eventually reveal the structure that can most effectively perform the desired functions. In the meantime this wide variation in form gives rise to equally diversified problems of finance.

Financial Support

Funds for the operation and construction of junior colleges now come from several sources—state aid, local taxation, federal subventions or grants, tuition, fees, and gifts or grants from nongovernmental foundations and organizations.

State Aid

S. V. Martorana [1] makes the following summary:

> Overwhelmingly, state aid is determined by means of a formula, generally based on a unit of student attendance. The formulas vary widely, however; Maryland, New Jersey, and New York, for example, set state aid at one-third of the annual operating cost per student. Illinois and Missouri use an equivalent full-time student factor based on credit hours carried by the students enrolled in the college. California, Florida, and Washington have complicated formulae based on minimum foundation principles.
>
> Five states provide funds through the simple procedure of lump-sum appropriations. As a general rule this is mandated to a state-level agency for distribution to the junior colleges. Although this approach is simple, it is usually less favored by junior colleges because generally it is less objective than the formula approach.

The amount of state aid varies to an equal extent. Five states grant no state aid to junior colleges. Four states furnish all the funds (except those accruing from tuition) necessary for the current operation of the colleges, and between these two extremes the practice varies from two-thirds of the cost to a small token amount. California at present furnishes about 25 percent of the current operating costs (bills now before the legislature would raise this to 33 percent, and the California Master Plan for Higher Education recommends that the amount be raised over the next ten years until it is equal to 45 percent of the current operating costs).

California, as noted above, uses a complicated form of equalization aid. This is based upon the assumption that an effective basic program will cost a minimum of $570 per unit of ADA. (This will probably be raised to $600 next year.) If the assessed valuation of the property in the junior college district cannot raise an amount (at a tax rate of 25 cents per $100 of assessed valuation) which together with the basic state aid of $125 per unit of ADA will equal the $570, then the state will furnish additional state aid to bring the total to this figure.

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[1] Martorana, S. V. "The Legal Status of American Public Junior Colleges." *American Junior Colleges.* Sixth edition, (Edited by Edmund J. Gleazer and Alice M. Carroll.) Washington, D.C.: American Council on Education, 1963. Chapter 4, p. 39.

Alaska furnishes the entire cost of operations from state funds, and Hawaii will probably do the same.

Since state aid for junior colleges usually comes from the general fund of the state, it might be well to examine the sources of income to the general fund. This, of course, will be different in almost every state, but it is inevitable that there will be competition for these funds, not only from schools but from the numerous other agencies and services of the state.

The following is the estimated revenue to the general fund of California for 1963-64.[2]

Major source	*Approx. percent of total*
Alcoholic beverages—taxes and licenses	3.0%
Bank and corporation taxes	17.4
Gift and inheritance taxes	3.6
Horse racing	1.1
Insurance gross premiums tax	4.1
Motor vehicle in lieu tax (general fund share)	.1
Personal income tax	18.3
Retail sales and use tax	46.1
Tobacco tax	3.8
Private railroad car tax	.1
Miscellaneous other income	2.3

It is evident that the state dollar comes in large part from sources that are not available to local taxing districts—and that there is probably a limit to the burden of support that can be carried by local property ad valorem taxes.

Local Support

Except in the few states mentioned above, local school districts—either unified or separate junior college districts—have been given the authority to levy a tax on the real and personal property in the district. There is wide concern about the extent to which local property can be further taxed to support another segment of education. This question becomes even more controversial when we declare that the junior colleges are part of higher education, and no other segment of higher education is supported even in part by local property taxes.[3]

Jesse Burkhead of Syracuse University, in speaking to the 1963 National School Finance Conference, voiced a different point of view:

> In the decade from 1950 to 1960, aggregate state tax collections had a responsiveness to national income of 1.11; that is, every 1 percent increase in national income brought a 1.11 percent increase in state tax collections. . . .
>
> Local government tax revenues have turned out to be substantially more elastic than state general fund revenues in recent years. From 1950 to 1960 the coefficient of responsiveness for property tax revenues was 1.43; that is, an increase of 1 percent in personal income was associated with 1.43 percent increase in property tax revenues. . . .

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[2] California State Department of Education. *California's Ability To Finance Higher Education—1960 to 1975.* Sacramento: the Department, 1961.

[3] National Education Association, Committee on Educational Finance. *Long-Range Planning in School Finance.* Washington, D.C.: the Association, 1963. pp. 94-95.

> There is no evidence whatever that the property tax will soon be supplanted by local nonproperty taxes for the support of public education.

So says Dr. Burkhead, but he probably was thinking of elementary and secondary schools when he referred to "public education," and junior colleges as part of the "higher" education program may be a different story.

There is considerable variation in the ground rules for local financing of junior colleges. Some states have fixed ceilings on tax rates with similar limitations on bonding capacity. In a few states these limits are written into the constitution and changes are difficult. If Birmingham desires to raise the tax limit, it must secure a favorable vote of all the electors in the state of Alabama to amend the constitution.

Washington school districts may vote an excess levy (override) only with a 60 percent favorable vote, and with 40 percent of the voters voting; and then only for one year! Thus an "excess levy" can be defeated by its opponents simply by persuading enough voters to stay home on election day.

Tuition

Here is the most controversial issue of all. Can we afford to offer free higher education to all comers? Many states think we can. If a material portion of the costs of junior colleges is paid by students in the form of tuition, then we have done bodily harm to the "open door" concept of this level of education. If we move in the direction of higher tuition, we must at the same time move toward greater availability of scholarships from both public and private funds, in order that we do not shut out capable students because of their economic status.

Federal Aid

Junior colleges are very much in the picture for increased federal aid, both for operating expenses and for capital outlays. The new vocational bill[4] provides greatly enlarged aid for all types of occupational training and removes any doubt that junior colleges are eligible for such aid. (Such doubt did exist under the Smith-Hughes Act and other federal programs which limited vocational subsidies to "less than college grade.")

The junior colleges are also singled out in the recently enacted legislation for *higher* education. Community colleges have been given $50 million a year in construction funds, on a matching-fund basis. Junior colleges may also become eligible for aid under the Federal College Housing loan program, in the rare cases where student housing is necessary. (The junior college is supposed to be a commuter's college.)

Foundation and Other Nongovernment Funds

The junior colleges are not research centers and should not seek foundation grants for pure research. Each community college must, however, conduct institutional research and curriculum development and revision. For these purposes, business, industry, and some of the foundations have made funds available. This is still a minor source of support but it will undoubtedly increase as the need increases for technicians, vocational nurses, semiprofessional workers, and others who can best be trained in this type of institution.

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[4] Public Law 88-210, The Vocational Act of 1963 (HR 4955).

Capital Expenditures

Here again we find no common pattern of providing the funds necessary for the construction of buildings and the purchase of equipment for junior colleges. About half of the states operating community colleges provide some state aid for physical facilities. Florida provides the full cost of buildings for its county community colleges. Arizona has a liberal state allowance for capital outlays on a matching basis. New York and New Jersey cover one half of the cost of such facilities, and Oregon and Washington provide up to 75 percent of the cost. California has allowed junior colleges only token participation in the proceeds of state bond issues for capital construction.

Currently the dominant pattern consists of authority granted to the local governing board to levy special taxes (override) or to issue bonds on the approval of the voters of the local district. El Camino College, in Southern California, has built an entire plant, both beautiful and practical, on current tax overrides. Most districts in that state and several others have depended entirely on local bond issues for building and equipping their plants. In most states a two-thirds majority of the votes cast is required for the passage of such bond issues, and this has often resulted in failure.

Rio Hondo Junior College District in Whittier, California, was established by a majority vote of the electors of that area in 1960. They then went back to the same voters and asked for authority to issue $15 million in construction bonds and were defeated with a 55 percent yes vote (two-thirds being required). They again proposed an issue of the same amount and just missed with a 65 percent yes vote. A third attempt in 1962 failed with a 63 percent vote. But on October 8, 1963, a fourth attempt, this time for $12 million, was successful with a yes vote of 80 percent, and construction of the college is now underway.

Some Current Issues in the Financing of Junior Colleges

The financial patterns of the community college are of many forms and shapes. As experiment gradually demonstrates which forms are most likely to survive, the following issues will emerge:

- Is the junior college a state or a local institution? Should it be supported in large part by state funds, as the public university is, or in large part by local funds, as is the high school?
- Should the junior college accept all comers? Should it attempt to be all things to all people?
- If the junior college is to serve a large part of the spectrum of human aptitudes and abilities, how can we assure the funds necessary to provide an adequate pupil personnel program (counseling) for an unselected population?
- Should new sources of funds be made available to local junior college districts? If so, of what nature? A local sales tax, an income tax?

- If the answer to the above is in the negative, how far can we go in state support without getting state control? 30 percent, 40 percent, 60 percent?
- If the junior college is part of higher education, how much of the capital outlays should be borne by the state? The same as state colleges or state universities? Or some other proportion?
- How much tuition can be charged without destroying the democratic philosophy of this institution?
- Should out-of-district and out-of-state tuition be of such amount as to cover the total cost of instruction? And of the use of facilities?
- Is there a need for a coordinating agency that will determine or recommend the level of state financial support for all higher education—universities, state colleges, technical institutes, junior colleges? How can we avoid devastating competition for the public dollar as all segments of education increase in size and cost?
- How do the constitutional restrictions upon local taxing and borrowing affect the flexibility of local support?
- What will be the effect on the instructional program where state aid for adult education in the junior college is at a rate different from that granted for adult education at the high school level?

Sharing the insights gained through experience will hasten the finding of satisfactory answers to these questions.

PART THREE

The Political Process and School Support

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How To Work with the Legislature on School Finance Bills

Joe A. Chandler

WORKING with the legislature on school finance involves two majors—people and money. Since school promotional troubles stem partly from the fact that some legislators have their values confused and put money before people, let's examine the implications of our tendency to do the same.

Somebody once said that money doesn't make you more friends, but it does make you a better class of enemies. Separating people from their money is a difficult, time-consuming task. It utilizes a substantial part of any businessman's time. It is also a very painful process, as illustrated by the note a boy attached to the first orchid he gave his girl. The note read, "With all my love and most of my allowance."

Schools represent a major expenditure for a very important service. Too often our legislative contacts emphasize the amount of the money instead of the value of the service. This is a mistake that business seldom makes. A good businessman does not advertise that he is coming into a community to make money. He talks instead about what he is selling, the merits of his product, and his services to the community.

A man selling a four or five thousand dollar automobile doesn't start talking about the price; he talks about the wonderful motor, the stunning upholstery, the advantages of hydromatic drive, about smooth performance, carefree miles, fast, easy, safe, secure, dependable transportation.

The insurance agent doesn't start his sales pitch with the amount of the premium; he talks about protecting your loved ones and your earnings; about a wise investment, a restful, secure, pleasant old age. The premium, or cost, is mentioned last as a sort of afterthought.

In selling, effectiveness depends on ignoring the price tag until the buyer is sold on the intrinsic value of the merchandise. In our presentations to the legislature we too often tend to overemphasize the price tag. The comparisons should be between two packages, a good education program and an even better education program, not between two price tags. We should emphasize what we offer, not what we seek.

When costs and expenditures must be presented, they are more palatable

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in terms of benefits than millions of dollars. We can in all honesty present education as an investment which pays dividends in higher productivity of labor, business, industry, and citizenship. An investment in education potentially reduces the need to raise taxes for welfare, unemployment insurance, juvenile delinquency, and crime prevention and control. Economic growth and social and political wisdom are direct products of technical knowledge, broad understandings, creative and analytical thinking, which are nurtured and developed through public understanding.

Educated citizens earn more, buy more, save and invest more, and consequently produce more taxable wealth than less well-educated citizens. Educated citizens are capable of independent action and self-discipline, which reduces the necessity of government controls and their administrative costs.

These economic returns from our educational investment will have more appeal *to* and influence *with* legislators than the most comprehensive presentation of statistics we could employ.

The inflammatory nature of money as a conversation item was demonstrated late last month when the NEA president made a speech at Portland, Oregon, and was alleged to have urged teachers to get into politics and sell the public on the need for more federal aid for schools and to work for more money at all levels. He was reported to have suggested certain types of taxes—four, to be exact.

These multiple sins were quick to reach the right side of the Columbia River. A radio station demanded our position in detail on tape. The *Argus*, a weekly Seattle publication, in its March 27 issue gave education more unfavorable space than is its already generous custom. Educators and teachers were accused of putting continuous emphasis on money, money, and more money. It was suggested ". . . that a small group of professional organization men, who, like all their ilk, must keep holding out the carrot to keep their own jobs, was responsible." Only the fact that the general public was at the same time clamoring for Kennedy half-dollars and any kind of whole silver dollars, and the fact that the carrot idea might have been inspired by the proximity to Easter, prevented our telling them just how asinine and juvenile some of their statements appeared to a knowledgeable individual. This, of course, would have been fatal. You would only have inspired more vitriolic space being given to education than this particular publication has devoted to the accomplishment, improvement, constructive changes and merits of education since the magazine's inception. It is safer to argue with most men about religion or politics than about money or taxes. Arguments on the latter subjects should be confined to our wives and the assessor.

The problem of presenting money requests to the legislature can be summarized in five points. First, we do it with integrity, presenting actual, not padded, needs. Second, we talk about it as little as possible. Third, we emphasize how to spend it—not how to raise it. Fourth, we spend it wisely, prudently, economically, and carefully. Fifth, we devote considerable time and space to telling our many publics just how frugal, effective, and competent we have been in handling their funds. Actually our aim is, in reality, the same as that of some of our most vocal critics; namely, to provide the best possible program of education with the least amount of money. It is therefore best to minimize the volume of money and emphasize the importance and quality of the program it buys.

The second part of the assignment involves a problem of human relations. In spite of what some might think, legislators are human and more sensitive to the wishes and needs of other humans than are most of their constituents. They are also less naïve, perhaps more cynical, and certainly (soon after election) more knowledgeable in many areas than some people who criticize them so glibly.

Dealing with people includes the who, what, when, why, and how of good reporting, but in different order, with the "why" first. Legislators must understand the need before they can decide the method or amount. "Why" involves both purpose and size of the educational services to be financed.

The aims of public education are well known and have been ably stated. It has been said that it is no accident the nation that decided to educate all the children is the oldest living democracy in the world today. Commissioner Keppel has said that "48 percent of our increased *prosperity* can be attributed to education." Its importance in the future, as in the past, was stressed by Ralph McGill when he said, "Written across the face of the future is the word education," and in Winston Churchill's statement that "the empires of the future will be the empires of the mind."

There is a positive relationship between the investment in education and the social and economic development of the community, state, and nation. The progress of society springs mainly from people. Our human losses have the same negative economic consequences as damage to property.

Education, as a basic need of man, is probably better understood than ever before. The "why" of education is being answered every day in vocational, political, and humanitarian terms.

The legislators' "why," however, often relates to the size of the appropriation requests, which are based in large part on the size of the job to be done. Unless legislators are convinced that education is big business, as well as important business, our troubles will continue.

Education, collectively, is the biggest business in the nation. Its transportation of 14 million passengers a day in 200,000 vehicles makes it the largest passenger transportation business. The $380 million spent by the federal government on the school-lunch program, when added to local contributions, makes our schools the biggest single restaurant chain in the nation. The 130 million volumes in the school libraries makes ours the largest library service. The 93,000 schools with one and one-half million rooms makes schools the largest industrial housing project. The thousands of athletic contests and dramatic productions rank schools high in the entertainment field. An enrollment of ⅕ of the population with 1,700,000 employees, a $14 billion annual payroll, and 170,000 directors, ranks schools first among the nation's business enterprises in customers, employees, employers, and stockholders. Education is truly big business—a fact that should be stressed in legislative promotion!

The "what" of legislative promotion involves an honest statement of the total school situation; not just what we want to tell the public, but everything the public should know. What have we done with past appropriations, and what do we propose to do with new ones? Schools are not a secret society. They are a public trust.

The public is entitled to sound information based on reliable facts. The program must be worthy in the eyes of the public, as well as in the eyes of the teaching profession, before it will be acceptable to the legislators. School finance bills must be carefully drafted and easily understood. They must also be for a meritorious service—one the public desires and needs and is willing to finance. One of our larger school districts recently made a cost analysis indicating that while the annual cost per pupil in the regular program was $512, the cost of educating a deaf pupil was $1,531, an orthopedically handicapped child $1,666, and a visually handicapped youngster $2,468. The schools have added some very worthwhile but expensive programs recently at the public's request, but sometimes this has been done without too much legislative understanding of the costs involved.

The level of learning of our general population increased by one full year between 1950 and 1960. This growth in quantitative, as well as qualitative education, is a part of the "what" involved in the legislative consideration of school costs.

"Who" works with the legislature depends on the structure and policies of the state association and its affiliated and cooperative groups. Generalities worth considering in making selections might include the prestige and status of those under consideration, since who says it is often as important as what is said. Lay leaders are often more effective than educators. People who can build trust and reduce tensions are good selections. Those who can accentuate the positive and think from the other person's point of view make good contact people.

The "who" is important because laws don't pass themselves. Somebody has to translate educational needs into legislators' desires. The person who can do this effectively and still keep the responsibility on the legislator is a wise choice.

"When" to work with the legislature on school finance bills can be summarized in three words: early, continuously, and appropriately. "Early," because before the session he has more time, is more relaxed, less prejudiced, and more receptive than at any other time. The receptivity of the legislator usually declines up to and throughout the legislative session. Precinct contacts, platform committee meetings, and assistance with speech-writing and policy-making responsibilities are usually welcome and effective.

Continuous contacts are needed to create trust which is a prerequisite of good communications. They are also necessary to build up interest in other people's problems, which must exist before they can be expected to be interested in ours. Time is necessary for a lot of small talk that must precede big talk. Constant contacts are as important in legislative promotion as in business, where it is said that 80 percent of the sales are made after the fifth call; that 48 percent of the salesmen stop after the first call, 25 percent after the second, and 12 percent after the third, but 10 percent of the salesmen keep calling and get 80 percent of the business.

The appropriate time for contacts is when the legislator needs the information. This is when he will listen and really hear what you have to say. He needs information when he is thinking about running, when he is campaigning, when he first gets to the capital, when finance measures are being prepared, introduced, considered in committees, scheduled for debate and consideration, passed, and when they need interpretation to his constituents. The "when" should be arrived at in terms of the legislators' needs, not the contacts' convenience.

The "how" of promoting school finance legislation embodies the factors already mentioned and many others. Certainly integrity, courage, and determination would rank high, but so would humility, stamina, and judgment, to which we could add self-control, friendliness, the ability to listen, and many more qualities.

The promotional assignment requires that we not only appeal to the highest motives in others, but that we also utilize our own best incentives.

Success is not measured by the amount of noise, controversy, or friction we are able to create nor by how belligerent, aggressive, or demanding we can be. It is possible to be completely obnoxious and yet totally ineffective. Success is measured by the degree of cooperation, confidence, understanding, and support we are able to achieve.

We have all known teachers who come to the state capitol and whine away like a stuck horn. They spend the morning raising "heck" with the staff and the afternoon sightseeing, or they charge into the office at the head of a procession of lesser satellites, proceed to tell you off, and, having warmed up, charge out to tell the legislators off.

Just the opposite is needed. When you leave a person more pleased with himself, he will like you and like your services. You have to like people to make them like you. Legislators are people—very sensitive ones. The schools are dealing with people's prejudices, feelings, and emotions, and with their two most important possessions—their children and their money. The legislator is the middle man. He is trying to provide a much needed service for children at the expense of the taxpayer. He is in a delicate situation. He will do things not because you want him to, but because he wants to. It is therefore suggested that you:

Offer real rewards in terms of the legislator's self-interest.

Take it for granted that the legislator is for us, not against us.

Think from the legislator's point of view.

Express thanks liberally, praise generously, and criticize cautiously.

Appeal to existing needs rather than trying to create new ones.

Use repetition extensively.

Keep the presentation simple, brief, and to the point.

Talk more about what's right—less about what's wrong.
Take the offense; leave the defense to others.
Remember that what we achieve is more important than who gets the credit.
Listen attentively. It has been said that a good contact man spends 9 percent of his time writing, 16 percent reading, 30 percent talking, and 45 percent listening. More people are "listened" into something than are talked into it.

We are selling the best investment in the world today. Education is the wisest buy on the market. It is something that lasts in good times or in bad —a product that everybody needs, a bargain at today's price, and the promise of a good tomorrow. Sell it proudly!

How To Present Local School Needs to the Public and to the Board of Education

John S. Cartwright

THERE is no one best way to present local school needs to all communities for all time, nor indeed, for any community for any length of time. Most administrators I know find that custom-made plans tailored for a given situation work best. But even these are disappointments occasionally, and the improvised ones often prove more effective.

Then, too, needs vary. A community spending $1,000 per child in current expense per ADM is likely to have different needs, certainly different priorities than one spending $300. And the pressures may be even greater. Money reduces many pressures, increases others; it does not eliminate them entirely.

Publics differ as much within cities as without. One administrator I know serves in a community where the average family income is $20,000; another where it is $4,500. One community has all the physical ingredients for a good school program; the other has relatively none. One administrator has a board of seven members, none of whom has a yearly income of less than $20,000; another one has a seven-member board, none of whom earns more than $9,000. Presenting local needs to these diverse groups requires somewhat different approaches.

Develop a Rationale

In both groups as well as in others, one approach appears to have merit—that is, to develop a rationale, a philosophy of what the schools ought to be doing. Here are some questions to probe: Is the school a place where we plan a program for a few and dunk others in it? Is it a place, as Margaret Mead says, "where we hold some back while others learn more"? Does the community regard its schools as an institutional baby-sitter as it teaches its children a bit of knowledge and a tiny bundle of skills? Or does it expect its schools to take children where they are and develop them as far as they can, or will, go? Does the school sort out the learning problems of each child, so

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far as it can, and help him to solve them, or does it sort out the children with problems and reject them? Does the school expect children to conform to a single curriculum or does it treat pupils as individuals who come in different educational sizes and try to build a curriculum that will help each? These are but a few of the questions one might ask in exploring a rationale.

Community Expectation Vital

It makes a whale of a difference what we expect of schools. Research has shown that two of the most powerful factors in producing quality are what a community expects of its schools and what it spends to finance them. If it spends little and expects little, usually little it will get. If it expects much and spends much, much it usually receives. The relationship between cost and quality, I believe, has been established. The ratio, Orlando F. Furno thinks, between cost and quality is about .60; so how to get more dollars and how to get more mileage out of the dollars we spend are the $64 questions for many administrators.

Excellence Has Varied Meanings

I must not leave the impression that excellence means the same thing to everybody. For some, excellence is a chauvinistic indoctrination of their brand of Americanism. For others excellence for schools means almost the total responsibility for inculcating moral and spiritual values. For others, excellence is equated with vocational preparation. For still others, excellence is special attention to the handicapped. And for others, excellence means educating the best and scrapping the rest; and for still others, excellence means teaching the 3 R's. Values differ with people and with the times. How to improve value scales is another thesis.

That we can afford the education we need is no longer controversial. We have the ability to finance it. The issue is one of vision and courage to match the vision with action. Such an action would be an investment, not a drain on the economy. John K. Galbraith reinforced this conviction when he wrote: "Investment in education, assessed qualitatively as well as quantitatively, becomes very close to being the basic index of social progress. It enables people to realize a dominant aspiration. It is an internally consistent course of development. . . .

Education no less than national defense . . . is subject to the impediments to resource allocation between public and private use. So, once again, our hope for survival, security, and contentment returns us to the problem of guiding resources to the most urgent ends." [1]

How To Present Local School Needs to the Public

A school administration has many publics: the professional staff and nonprofessional staff, the parents of children in the public schools, the business and industrial community, the pupils, persons who have no children or whose children attend nonpublic schools, the news media.

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[1] Galbraith, John Kenneth. *The Affluent Society*. Boston: Houghton Mifflin Co., 1958. pp. 345, 355.

Let's say something about presenting the needs to each.

School Employees Public

All publics are important, perhaps none more than another. The administrator, however, who fails to involve his staff or to keep it informed about the school's unmet needs has on "public relation blinders." How different a staff's attitude when it is "in" on the information than when it has to respond to a question from the barber about a school administration proposal, "I don't know—I only work there." What a staff can't do with, and to, an administration proposal about which it knows nothing is something to behold. It is axiomatic that if we would use the influence of staff, we must involve them and keep them informed.

Listen to what the Michigan Communications Study of Roe, Haak, and McIntyre says on nonprofessional employees reports: "An alarming number of persons indicated their negative and critical feelings toward the school were based on critical tales from the custodians, bus drivers, and cafeteria workers." Chairs shifted around in groups instead of being left in rows meant "carelessness and lack of discipline" to the custodian. Field trips meant "gallivanting off from the classroom" to bus drivers. And "student monitoring in the cafeteria" meant teachers "weren't doing their job" to the cafeteria workers. Presenting needs to the public through school employees requires that they must be "up" on what's going on, or they may be "down" on it, and worse, get others down on it too.

PTA and Parent Public

Parents are major stockholders in the schools. What the schools do is more important to them than to any other group. Nothing means more to them than their children. They want them to get the full benefit of the school program. Their hearts and their minds are with their youngsters. In fact, what the child thinks of his teacher, the parents usually think of the school. There ought to be no shoddy here, only the genuine, because when parents believe the schools are trying their level best to serve children, they go all out for the schools.

In presenting needs to parents, particularly PTA parents, I have found them to be more interested in the educational program than the statistics; more interested in the results than the cost; more interested in the preparation of their child for tomorrow than in the dissenters of today. They know that the importance of education is being judged on a larger stage than ever before.

Many of them tend to feel that "the gateway to space is through the school door; the stairway to the stars or to the future is built of school books," to borrow phrases from test-pilot Bob White.

It has been my observation that the presentation of school needs to many PTA parents, and other parents, when one has an opportunity, is infinitely more effective wrapped in children's needs than in reams of paper bearing financial statistics. Theirs is a growing faith that education really makes a difference, and they are willing to pay for it, when they know the facts and the consequences of an inadequate education.

Children as Public

Occasionally school children are an effective vehicle through which to make school needs known. They have a built-in access to their parents' hearts. Used with circumspection, an approach through children can be quite fruitful, particularly in bond campaigns and special curricular areas.

The Business and Industrial Community Public

As parents, grandparents, other relatives of school children, and others, this public is interested in an effective school program too. Many of them are anticipating college attendance for their youngsters. They want good schools. While they rarely attend PTA, a few attend Citizen Advisory Committee meetings, civic clubs devoted to education, and a relatively few Chamber of Commerce Education Committee meetings. A high percent participate in Business Education Day and Education Business Day. Generally, they, together with professional men, comprise the men's service clubs. Education is big business to them in the better sense of that term. They like to know how the school operates, why it does things as it does. The image of the chief school administrator is important to most of these men. Often he symbolizes the school program, perhaps because they see him oftener than they see other school folks. Faith and trust in him begets faith and confidence in the schools.

As the school budget increases, often being the largest municipal expenditure, the interest of business leaders in the budget increases. Some of them equate the proper preparation, development, handling, and spending of budget monies with being the mark of a good school man. The superintendent's failure to organize the financial affairs of the school district well may weaken and jeopardize their appreciation of his competency in other areas of the education program. Data on the school's achievements and its needs and what other schools are doing and what it costs to do it are appreciated by these men.

The successful administrator must heed Ralph Waldo Emerson's advice, "To make money, spend well." Indeed, in the communities in which I have worked, an uncommitted balance, however small, at the close of the fiscal year seemed to be synonymous with good budgeting. You see, their concept says, one does not spend unless one needs to spend.

One way to keep businessmen "off your back" is to involve them in the affairs of the school. An active education committee of the Chamber of Commerce, meeting about six times a year at a luncheon meeting, offers a rostrum for the school administrator to present his concerns to the business community before these concerns become crises. Here school needs are made known. This symbiotic partnership is one of the most effective ways an administrator can reach this segment of the community. Joint planning of programs for Business Education Day, Education Business Day, Career Day, and the like, provides the mutual reason for meeting, making it unnecessary for the administrator to ask for too many special meetings.

Power Structure Public

An administrator often finds that the power structure of the community does not reside entirely in the active members of the Chamber of Commerce. Ordinarily, these men are not members of service clubs now. Meeting with such persons at a private club, at golf, or at special community occasions provides an opportunity to recruit their interest or their recommendations. A casual luncheon meeting in the company of men in this echelon of community affairs, at which education needs and concerns are discussed, can greatly enhance the possibility of school needs' being met, because this group wields power out of proportion to its numbers. In the presentation of school needs, the administrator would be inordinately imprudent and neglectful to forget them. I have found that carefully prepared comparative cost data, college record data, and follow-up studies are well received by members of this group. Appeals to community pride appear to be effective.

Other Publics

Other publics as represented by parents of nonpublic school children, persons with no children or near relatives in school, constitute a considerable segment of the population in some areas. To present school needs to them in a favorable light is difficult. Here full press coverage is essential. I have found few persons as understanding as monsignors and priests when contacted in advance of a project. Indeed, whenever I have needed the help of their constituents in the passage of a bond resolution, the reverend fathers have been most helpful. Which brings me back to an oft-quoted statement: If you would influence folks, keep them informed and involve them. One has difficulty supporting a program about which one knows little or nothing. One makes friends by asking help as well as giving it.

Press Public

As important as are all these publics, none is more important than the people of press and radio. Their assignment is not a meeting now and a meeting then type of contact. It is continuous and forever. Fortunate, indeed, is the school administration which has established and maintained good relations with the press and radio. An administrator always should deal off the top, but at no place in the public relations effort is there a more critical necessity for open dealing. The basic integrities must clearly permeate and shine through this relationship. In the five communities in which I have worked, I found the services of the press more than equivalent to the services of a public relations administrator. Not only do they run down leads but they give a punch to a news release that schoolmen do not possess. It is impossible to appraise the worth of newsmen on the school beat. Of all the forces assisting the administrator, the press is the sine qua non.

How To Present Local Needs to the Board of Education

The Board of Education as a policy maker and caretaker for the public schools has a unique responsibility. It often becomes the focus of contending pressures. Community aspirations are mirrored through and in their schools. The board attempts to translate these aspirations, hopes, and programs into reality. Educational kibitzers make it difficult.

Presenting local school needs to a board depends on how the board perceives needs. In the feverish competition for the board's time, it becomes the obligation of the administrator to see that the total program is considered. High on the priority list should be the recruitment and employment of the best teachers available. The teacher is the key to the educational program. As Francis S. Chase has so appropriately said, "no selection of subject, if poorly or dully taught, will of itself produce scholars or thinkers. But an inspiring and thoughtful teacher can, within any framework of subject matter, instill curiosity and a desire to know."

Tinkering teachers are not good enough; alert, sensitive, able, energetic, committed teachers are needed. They cost money, but they may represent the difference between mediocrity and excellence for a whole generation. Persuading a board to establish a competitive salary scale to invest in a better future for youth may be difficult, but it's worth the effort. Urban renewal, so prominent in these days, is more than buildings; it's people. We improve our communities through people by refining the purposes, elevating the tastes, and increasing the understanding of people. Good teaching adds this third dimension to community planning by helping people to achieve higher standards for themselves and their children. Whatever may be the measure of the school, the final test of its worth is how well it succeeds in cultivating students to become good and able people. A community must yearn for good teaching to earn it.

Any legitimate device which persuades a board of education to invest in good teachers and to provide them the pay, the climate, the equipment, and the support to achieve the task is commendable.

I have found that charts comparing all aspects of education with nearby rival communities contribute to the process. Comparisons of ability and effort among all of the schools of the same size within a state and with comparable cities in adjoining states are quite effective. Awakening and sustaining community pride frequently pays good dividends. Maurice Thomas assembled a vast array of facts pertinent to this in his excellent booklet entitled, "Of Primary Importance."

Two studies which raised the sights of board members with whom I served were: *Financing Council Schools, 1962-63*, Bernard McKenna, editor, Metropolitan School Study Council, Teachers College, Columbia University, New York; and the Annual Budget and Reference Issue of *School Management*, January 1964. There are unquestionably similar reports of schools for various other sections of the country. NEA and AASA pamphlet materials are usually applicable to all areas.

The School Management Study under the direction of the School Management editors and Orlando F. Furno computes a Cost of Education Index with national, regional, and school size norms which quietly helps to dissolve opposition. Many administrators compare these norms with those for their districts. They attempt to show how much mileage they are getting for their dollar in all aspects of the budget. I have used local data against these norms as the agenda for a special meeting with some apparent success.

U.S. Office of Education studies of costs; bulletins of the Institute of Administrative Research, Teachers College, Columbia University; *The Administrator's Notebook* from the Midwest Administration Center of the University of Chicago; and a whole host of other publications provide data from which an alert administrator can find relevant materials which increase the financial understanding and lengthen the perspectives of board members.

A few other procedures might be suggested to board members to gain new insights on school needs. These include visiting so-called frontier schools and meeting with their school boards; holding joint meetings with boards of similar size districts in the area; sending delegates to selected conferences; and learning more about surveys and evaluations of school progress.

Indeed the opportunity to present local school needs to the public and to the board of education is limited only by one's imagination and time. There are times when cold facts are practical assets; there are times when one must emotionalize attitudes on the basis of community pride.

The impression deepens, however, that if we are to meet the inescapable challenges of these restless years, we must earnestly try to convince our many publics that "what the wisest and the best parent desires for his child, that should the community desire for all of its children," to the end, expressed in these words from the "Oath of an Athenian Citizen," that we "transmit our community, not only not less but greater, better, and more beautiful than it was transmitted to us."

Community Power Structure, Attitudes, and School Tax Effort

Warner Bloomberg, Jr.

A FAMOUS anthropologist humorously "advised" her students that each should wait until the third night out on the voyage home from some distant, exotic island and then should come up on deck and throw all his thousands of pages of detailed notes overboard. Otherwise, a careful re-examination of the data would almost certainly undermine the broad, general conclusions to which the investigator's cumulative experience had led him. Such, of course, are the hazards of science!

Indeed, a compulsive respect for the facts plays a large part in the complicated character of much contemporary professional social science writing, including the anthologies of qualifications attached to every attractive generalization and a still proliferating display of numerical tables and references to esoteric but obviously diabolical statistical machinations. Elsewhere I have evidenced such vices or virtues—one must judge according to his own lights—but want now to follow the anthropologist's advice. The argument to be presented is relatively simple because I have followed my intuition beyond the complexities and obscurities of the data, leaving behind many qualifications with which a scientist would decorate this thesis. Having said "caveat emptor," let me add that I hope those who make educational policy will find the product appealing.

The argument rests upon a tripod of broad generalizations: First, present differences between communities in power structure generally have little to do with variations in the level of tax support provided by local communities for their schools. Second, that level of support is importantly affected by community attitudes. Third—and the apparent paradox is only apparent—changes in power structure should be an important part of strategy to strengthen and sustain higher levels of local tax support for public education. This last point will lead into some specific though speculative recommendations for action.

In presenting this thesis, reference will be made frequently and extensively to the comparative study of four suburban school districts conducted by my colleague Morris Sunshine and my-

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self.[1] This reflects no illusions as to its merits or the adequacy of a sample of four communities (the authors are probably more aware than anyone else of the frailties of this study and the dangers of generalizing from it); rather, this is simply the result of that inquiry's being the only one presently available to me which attempts to analyze on a comparative basis the power structure of a community in the context of the values of its residents and leaders, with local financial support of the schools as the dependent variable.

Explaining Local Tax Effort

In an effort to explain more fully what determines the level of tax support provided for the schools, there has been an application of increasingly technical statistical analysis to very large bodies of data measuring or indexing many variables. Much has been learned from these studies that challenges the conventional wisdom and that indicates the direction in which further inquiry should proceed. But hopes of accounting for most of the variation in local tax effort by means of a small number of determining factors or conditions have not been realized. In addition, over-all correlations may disguise differences in the effects of specific variables from state to state or from one type of district to another.[2]

These studies thus appear to support the most general conclusion indicated by a cruder assessment of the tax effort of 770 upstate New York school districts: that there often is a wide range of choice within the probable limits on local expenditures for public education—choice as to what portion of its resources each district will devote to this purpose. Certain economic and demographic variables operate powerfully in establishing the *range* of alternative support levels normally available to any given community, but always in combination with the effects of law, social structure, and tradition. To determine why communities with fairly similar educational needs and resources for meeting them put forth quite different levels of local tax effort, one must turn to such variables as the goals of those who authoritatively shape school budgets, the resistance they may encounter in the community, and the power they can exert to overcome such resistance.[3]

A Focus on Four Districts

Unfortunately, in order to estimate ("measure" is much too grandiose a term for present concepts and techniques) the relevant attitudes, opinions, and actions, information is needed which cannot be obtained from census data or school records, nor are the perceptions of and beliefs about the community held by even quite knowledgeable informants adequate indicators of the patterns which must somehow be ascertained. Given rather limited resources and time, it was therefore necessary to abandon the scope provided by such studies as those undertaken jointly by the School of Education and the Institute for Communication Research at Stanford and to subject a few places to a much more intensive sort of scrutiny.[4] Four suburban districts in upstate New York were chosen to provide as much theoretically relevant variety as possible, and in each community values and patterns of decision-making were examined with respect to public education, town and village government, and nonpublic decisions with major import for each community.

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[1] Bloomberg, Werner, Jr., and Sunshine, Morris, with Fararo, Thomas J. *Suburban Power Structures and Public Education.* Syracuse, N. Y.: Syracuse University Press, 1963.

[2] See, for example: Peterson, Leroy J.; Rossmiller, Richard A.; North, Stewart D.; and Wakefield, Howard E. *Economic Impact of State Support Models on Educational Finance.* Madison: School of Education, University of Wisconsin, 1963 (mimeo). pp. 105-23, 181-82, 215; and Miner, Jerry. *Social and Economic Factors in Spending for Public Education.* Syracuse, N. Y.: Syracuse University Press, 1963. pp. 48, 93-138.

[3] Bloomberg and Sunshine, *op. cit.*, pp. 10-20, 49-50, 137-41.

One of these suburbs was mainly well-to-do or wealthy and was long established; a second was new, rapidly expanding and populated largely by a combination of middle class and skilled blue collar families; another originally was an ethnic working class enclave well outside of the central city but had become a blue collar and lower middle class suburb; and the fourth was still being transformed from a farm area and rural town into a more typical suburb. Each had a village as a major, incorporated center of population, but they provided great variety in terms of the relationships between school district boundaries and others, ranging from near identity between district and town to one in which the school district contained much but not all of two towns and a small segment of a third, while the two large towns split the village down the middle. Finally, they ranged from very low to very high in school tax effort.

A list of the major decisions affecting the welfare of the community over a five-year period, decisions reached by other means than elections, was obtained from about 20 informants in each of the four suburbs, individuals representing all of the main institutional sectors such as business, education, religion, government, and so on. From that list, about 20 decisions were selected which both represented the range of suggestions and appeared to involve great diversity of local leaders as well as to have the most significant consequences for the community. Next individuals who had actually had an impact on the final outcome of the decision-making process in each case were determined and interviewed to ascertain their social characteristics and many of their values relevant to the functioning and support of the public schools and of village and town government. A random sample of about one hundred citizens also was interviewed in each suburb so that the values and power resources of the local leaders could be compared with those of their constituents, as well as comparing school leaders with leaders in other spheres of community life.

The Power Structure Variable

No differences could be found among the four suburbs with respect to power relationships or decision-making structure, qualitative or quantitative, that were sizable or systematic enough to help explain differences in local tax effort for the public schools. What differences there were seemed to have little or nothing to do with how well the citizenry supported public education.

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[4] Carter, Richard F., *et al. Voters and Their Schools.* Stanford, Calif.: Institute for Communication Research, Stanford University, 1960; and Carter, Richard F., Sutthoff, John, *et al. Communities and Their Schools.* Stanford, Calif.: School of Education, Stanford University, 1960.

Consider, for example, the matter of power resources or power potential. The formal authority of the school officials was essentially the same in all four districts. With respect to social standing, leaders generally ranked higher than the general public, especially in terms of those characteristics that can be summed up as social level, localism, ethnicity, and community involvement. But the leaders who shared less of this type of power resource, relative to the public, were in one of the two high support districts. Nor do differences or similarities in this respect between school decision makers and other types of leaders appear to have any relationship to school support. What about capacity for influencing public opinion? The two districts with high tax effort put out less propaganda but made more use of outside experts, perhaps reflecting the fact that the superintendents in the middle and low effort districts were more qualified for their positions and had greater prestige in the community. In general, in all four districts, school decision makers enjoyed less public prestige than those who made town and village decisions. Indeed, the general public seldom could recall any of their names!

If the four districts were so much alike in terms of the distribution among local leaders of potential power, or else varied in ways not appearing to affect the ability of school leaders to command or commandeer support, then perhaps other aspects of the decision-making structure would explain differences in community tax support. For some years an argument has gone on in administrative circles—or at least among those who claim to teach and do research about school administration—about the separation of the schools from other spheres of community decision making such as social welfare and local government. All four of these districts displayed this type of extreme autonomy: School decision makers, with rare exceptions, participated in no other kind of decision making. Even less often did those who were primarily town or village decision makers have a significant impact on school decisions.

What, then, about the extent of citizen participation in decision making? How many lay citizens were drawn into the decision-making process to such an extent that they had a perceptible impact on the outcome of school decisions? The answer is: from none in several cases in each district to a maximum of ten in a few cases and 19 in one instance. Moreover, few of these influentials affected the outcome of more than one or two decisions, while the school authorities shaped many. Indeed, citizen participation in actual decision making was lowest in one of the high support districts and highest in the district showing lowest support! But the absolute totals seem rather trivial.

Community Attitudes and Tax Effort

It is in the area of attitudes and values that community differences appear which provide some explanation, albeit tentative and incomplete, for the varying levels of local tax effort in the four districts. Each of the individuals interviewed—school decision makers, other local leaders, and the random sample of the general public—was asked to evaluate 14 school functions and activities and 14 town and village functions and activities in terms of how important they were without regard for any immediate situation; whether enough, not enough, or too much was presently being done with respect to each; and if the individual would be willing at that time, considering his actual family budget, to pay more himself to support any of these functions. The most favorable attitudinal pattern was assumed to be one in which an individual rated many functions as important, saw the unmet needs of the district, and expressed willingness to support the meeting of those needs with higher taxes.

Factor analysis indicated that the evaluations respondents made with respect to each of the 14 items could be thought of as reflecting a much simpler set of underlying orientations. For example, they tended to assign greatest importance to activities and functions associated most directly with teaching the children—providing good teachers, curriculum, and administration. Less importance was attached to auxiliary services to aid teaching—psychological testing and counseling, libraries, health services, special classes of various types. Finally, there was a downgrading, often extensive, of functions perceived as not really related to teaching the children—recreational facilities, extracurricular activities, community use, buses and cafeterias, adult education, even buildings. With respect to taxes the respondents seemed to be thinking in terms of four main categories: providing for basic school functions (teachers, buildings, administration) and modernizing the educational system (special classes, curriculum development, and psychological testing and counseling) were categories more likely to elicit favorable responses from the minority willing to pay more taxes than either maintaining and expanding auxiliary intraschool services or developing services to the community. Indeed, the latter category, represented by adult education, community use, and extracurricular activities, was a focal point for tax resistance.

The two types of leaders and the public were ranked for attitudinal favorableness to the schools on the basis of their underlying orientations toward what is important and what is worth paying more taxes to support. Their judgments also were analyzed for degree of consensus, since a favorable group which couldn't agree on what to support could seem to be less helpful to the school than an equally favorable one which had a common focus to its concerns and commitments. The four random samples differed significantly in attitudinal favorableness even when the effects of the best single indicator of social level, occupation, were partialed out, and the differences paralleled differences in local tax effort. So the favorableness of the public's attitudes definitely appeared to affect the level of school support.

Moreover, given school leaders who were more favorable in their attitudes than the public, the greater the difference between leaders and public, the lower the actual level of support. Thus, it appeared that school leaders who were too far out in front of their constituents could end up with higher resistance instead of higher taxes. Finally, to the extent that high consensus existed, it was associated with negative rather than with favorable attitudes. On this last point, a complete inspection of the data revealed that the only large segment of the public showing a high level of agreement across-the-board with respect to importance, needs, and taxes were those who downgraded many school functions, believed enough or too much was being done for all of them (or didn't know), and opposed paying another nickel in taxes for anything! Those with more favorable attitudes varied greatly in terms of the particular items for which they saw greater need and displayed tax willingness; they were a more fragmented rather than a more cohesive segment of the public.

Historical data support the conclusion that community attitudes and consensus are of major importance in determining the level of tax effort a school district will achieve within the range of alternatives open to it in practical terms. The well-to-do suburb had a long record of spending far less on its schools than most similar districts in the area and throughout the state. At one time the state department of education had to force the closing of an unsafe school because the citizens had refused for years to vote funds to construct a new building. The largely working-class district, on the other hand, no doubt with an eye on the social and economic mobility of their children, had accepted for many years a heavy tax burden to support the policies of a progressive school administration. A "taxpayers' revolt" eventually replaced the long established board with an opposition slate of avowed "economizers" and led to the resignation of the superintendent and his assistant; but neither the new incumbents nor the self-proclaimed "responsible economizers" who succeeded them at the next election were willing to confront their constituents with the kinds of cuts in school staff, program, and services which would have moved the district down from its high level of tax effort. Rather, after a few symbolically significant but economically minor budget cuts, they apparently were attempting to hold the line while other comparable districts "caught up," and some citizen pressures for further improvements, even with budget increases, were already beginning to appear.

The Anatomy of the "Taxpayers' Revolt"

To have delineated one important variable among many in the causal complex that produces a low level of local tax effort for public education is more important for theorists than useful to the working partisans of school systems throughout the country. It provides little guide for action unless one can dissect the whole structure of local decision-making to show the ways in which values and attitudes affect the entire process through which budgets are contrived, bonds issued, and taxes levied. Unfortunately no published systematic research does this for even one school district, much less for a sample of districts large enough for secure generalization.

Lacking this, one may look to the conventional wisdom with its freight of illusion, half-truth, and professional mythology, or simply despair and turn to other less refractory concerns. Or one may attempt to assemble from assorted research into the processes of the local polity enough bits and pieces to reconstruct the whole, after the fashion of the paleontologist conjuring up a dinosaur from a few bones, some fossil impressions, and a good deal of theory about the nature of such beasts. What follows is that sort of effort, drawing upon a wide variety of books, monographs, and other publications, in addition to the study of the four districts already described.

Taxes and Voter Hostility

The concept of "relative deprivation" has proved very useful in the analysis of the emotional and attitudinal behavior of groups, sometimes helping to account for patterns of judgment and action which contradict our usual expectations. It reminds us that people react to objective conditions only as they perceive and evaluate them, and that perception and evaluation are in turn affected by the situational context of the group. "Misery loves company" is an ancient folk version of the notion of relative deprivation: It always hurts more if you are the only one feeling pain. Thus, it is one thing if voters see rising school costs as part of a broad, national pattern, inevitable as long as improving education is one of our high priorities; it is quite another if voters compare their district with others nearby and conclude that its costs are "way up." There is good evidence that such comparisons have helped defeat school budgets in districts not objectively high in tax effort.

Again, disillusionment is more painful than expected difficulty. The suburbanite who fled city taxes as well as crowded space, physical deterioration, and Negroes in search of decent housing may well feel something more than mild distraction as the costs of sewers, roads, schools, police and fire protection, and the like cumulate in an expanding annual "tax bite." Moreover, every tax increase is likely to seem threatening to those who have reached an income plateau from which, given age and occupation, they will rise no higher, while even present desires outrun available dollars and the future's rising prices and eventual or imminent retirement portend a declining real income. And the plight of the retired home owner is often both more pressing and more immediate.

All such persons constitute a potential pool of hostility toward increases in school taxes. This potential hostility may be offset by a strong commitment to public education. It also may remain latent as long as its expression appears to be a violation of pervasive community norms or an exercise in sheer futility. The extent to which a district's citizens have favorable attitudes toward school support is therefore not by itself a good predictor of the effective manifestation of hostility to tax increases, except in extreme cases. Much depends upon how those values and attitudes are distributed in the population, upon how the district compares with others within the perceptual horizons of the various types of voters and the accuracy of their beliefs in this regard, and upon the emergence of an organized opposition to the school administration and its partisans.

Organized Hostility and Community Power Structure

In many cases a school board and a superintendent who appear to have done quite well in terms of community support rather suddenly run into a rising tide of opposition and may even suffer serious defeats in elections and referenda. In none of these cases does there seem to be any sharp change in the long-established patterns of relationship between school decision makers in the community and others normally thought of as centers of power.

Indeed, the most extensive and implacable opposition seldom arises among the established community leaders, nor does it develop through the more prestigeful and reputedly powerful noneducational organizations and associations. Rather, it often seems to spring up among groups of what David Riesman has called the "moral indignants" who usually demand one or more of the following: that alleged frills be abolished, that taxes be cut, that greater vigilance be maintained against subversive doctrines, and that Johnny be taught to read! Sometimes a few recognized community leaders or ex-school board members may help spearhead such a movement, and occasionally an already extant group—perhaps a semidefunct taxpayers association—may provide an organizational vehicle for it. However, lack of support from the established community power structure does not prevent such protest groups from stimulating the "surfacing" of the latent discontent of many citizens.

The typical pattern of educational decision-making in local communities increasingly facilitates the emergence of this sort of manifest resistance among the district's voters as the "theory gap" between professional educators and much of the public continues to widen. Gains in knowledge of the learning process are being incorporated into school practices much more rapidly than into the layman's understanding, and the doctrine of the "growing edge" may lead to a seemingly endless expansion of the school's realm of activities and services to the community elsewhere than in the institutionally underdeveloped new suburb.

Programs, projects, and resultant budgets are promulgated without involving more than a handful of those citizens outside the official school system, and among the intentionally or inadvertently excluded are all or almost all of the decision makers from the other institutional sectors of the community. There is, of course, that cadre of official spectators who belong to PTA's and Mothers' Clubs and who thereby gain access to participation in audiences for guest lectures and student concerts, in cookie sales, and in the distribution of pro-budget propaganda as election time draws near; but most of the hostile, the alienated, and even the apathetic majority remain outside this auxiliary to the educational establishment.

As already indicated, this sort of local educational power structure does not appear to be dysfunctional as long as supportive values and attitudes predominate in the community and hostility remains latent. But where supportiveness is lacking or hostility surfaces and becomes organized, school leaders may discover that the hundreds of opinion leaders scattered through the community, who intervene between the mass media and the individual citizen in opinion formation and who are focal points for such political discussion as may take place, include few informed and committed partisans of the schools. Similarly, they may find that the institutional isolationism of the school system not only has protected the educational enterprise from "entangling alliances," but also has left it without immediate available, understanding, and sympathetic allies among the leaders in the other sectors of community decision-making to help organize supportive elements among the citizenry.

This argument is compatible with data on school financial elections if one can assume that the actively discontented citizen ordinarily is more likely to make his way to the voting booth than those who are mildly satisfied or merely apathetic. Thus bond and tax proposals tend to fail as turnout increases, as the amount involved increases, and as the proportion of support derived from local sources increases. In general, turnout is small (averaging somewhat more than a third of the eligible voters) though variation is great, with some tendency for turnout to increase with diminishing size of district and thus decreasing spatial and psychological distance between school leaders and the rest of the citizenry. Finally, heavy turnout tends to restore somewhat the chance for success in large districts, presumably indicating that school partisans have sometimes managed to organize more of the supportive elements in the community and get them to the polls.

In brief, the educational sector of the local community power structure usually reflects in its numbers, roles, and relationships with other sectors arrangements antedating the present period of rapidly changing educational theory and practice, rising school population, and increasing costs. The virtues of prevailing patterns of educational decision-making may once have outweighed their vices, but the balance of gain and loss appears to have shifted critically since World War II. Such variations as now obtain in power structure from district to district usually seem to be little more than vernier adjustments on a system which can function well enough, given a supportive attitudinal milieu, but which often cannot cope with the surfacing of latent hostility or bring about where it is needed a general increase in understanding and acceptance of the needs and costs of a modern education.

Needed Experiments in School Decision-Making

School authorities today must plan and facilitate an educational revolution while meeting the inevitable routine problems of running a large-scale, complex organization. Perhaps it is asking too much to request that they also experiment with their own power and prerogatives. But in many districts this may be necessary if chances for financial support of all the rest of the undertakings are to be maximized. Certainly the new concepts of educational practice become effective only when embodied in the tangible reality of more and more effective teachers, improved physical facilities, often costly special equipment, and so on.

Much too little can be said with full confidence today about the processes of attitude development and change and the formation of publics responsive to issues. Advice to school leaders must therefore be taken as a call for needed experimentation, not the provision of prescriptions specific to the ailments of each district with a low level of tax effort. However, several generalizations relevant to strategy can be made. First, though there are many correlations between opinions given to interviewers and the social characteristics of the respondents, the more refined studies make it evident that a community's values and attitudes are not simply a function of its social structure; there is plenty of room for change. Second, except for extremists there are few well-defined publics in most communities, that is, few sizable, stable aggregates or groups of individuals having a high degree of consensus about what is important, what needs to be done, and how resources should be allocated. Such publics apparently emerge during the process of issue development and resolution and fragment or fade away subsequently. Third, specific opinions tend to be organized around underlying attitudinal orientations, but this is only a tendency; how most individuals vote, for example, depends in part upon the perceived judgments of others who are both visible (or at least audible) and of personal significance—one's opinion leaders and reference individuals and groups.

The Need for Information

School leaders and partisans who seek to improve the attitudinal milieu of their districts therefore must first know in some detail what the prevailing value patterns actually are. There is some evidence that inaccuracies in school leaders' perceptions of the beliefs and judgments of the general citizenry are correlated with failures in financial elections, though the study of four suburban districts suggests that most board members and superintendents do poorly in estimating the judgments of their constituents. Of course, those in highly supportive districts usually can afford such errors, while those in communities with less supportive values may not know what to do even if they correctly perceive their situation. Nevertheless, the starting point for changing a community's attitudinal patterns is detailed, accurate information about them, and programs to bring about change can be evaluated effectively only if the relevant data are continuously updated.

Tools for this task, imperfect though they may be, are available. It should be possible for the school districts in an area, or even a whole state, to work collaboratively with researchers in universities and state departments of education to design the means of such research. Indeed, interstate collaboration is possible through a number of associations. Let the districts collect the data—the PTA is a great, unused resource for such work—and have the professional research groups process it through their computers, delivering to the school leaders the results and professional interpretations of their implications. The school decision-makers can then begin to estimate the readiness of their constituents for changes and budget needs being contemplated. They also could attempt to aim particular messages at any well-delineated publics, taking account of the most significant variations in values and perceptions which distinguish such aggregates or groups of citizens from one another.

The Need for Participation

However, it is not enough to deliver the school's messages to the voters by mass media, by occasional speeches to local clubs and civic groups, or even by "pupil-post"—how many of those dispatches, delivered hot off the ditto machine into the hands of the students, not only reach home in readable condition but actually are read by the parents? To be successful, efforts at opinion formation and attitude change require interpersonal reinforcement, and that means a large cadre of opinion leaders scattered among the citizenry, individuals who are knowledgeable about the schools, committed to their support, and involved enough to attempt to sway others.

The most effective way presently known to produce such people is persistent participation in the affairs of the institution. It is possible, of course, to make a fetish of citizen participation, as some in the areas of community development and community organization have done. But impressive evidence has been accumulating for years indicating that active involvement is perhaps the most productive form of adult education, at least for public affairs.

Some school leaders point out that board meetings are often open to citizens; there they can gain information and even make their points. Of course, the active participation of even a hundred or so informed, concerned, vocal citizens at each open board meeting would be a major disaster simply in terms of getting through the normal agenda. It is obvious that major innovations in the processes of school district decision-making between elections must be effected if the needed cadres of pro-school opinion leaders are to be created and sustained.

Many successful experiences with citizens advisory committees point to one line of institutional innovation. The membership in such committees is usually quite limited, they often are consulted only as district budget meetings and financial elections draw near, and they are expected to display a general, across-the-board interest in educational affairs. But systematic studies of community decision-making indicate that most citizens who do participate specialize in areas of concern which cross-cut the broad range of activities that together make up the school enterprise: Some are involved in mental health, some in urban development, some in culture and the arts, some in public fiscal problems, and so on. It seems likely that many more citizens would be drawn into the realm of school affairs if they could participate in a meaningful way in limited areas of school decision-making representing their established interests and even expertise.

In many districts sports already has something close to this where there are strong and influential boosters clubs, but they unfortunately often operate without a clear delineation of proper function and responsibility. An advisory committee on art could attract local artists and craftsmen; one on curriculum should draw in readers of John Dewey as well as of Bestor and Rickover; one on physical plant would be likely to attract architects and builders; and so on. The problems and risks in such a proposal are evident; but problems can be solved and safeguards established. Certainly the problems and risks inherent in inadequate financial support and increasing "taxpayer revolts" are at least as great and carry no potential for positive change. They may seem preferable only because they are familiar and we are getting used to them, perhaps resigned to them.

The Need for Collaboration

Another generally unused potential in the effort to generate more community support for rising school costs are leaders and influentials in other institutional sectors. All too often they become involved in school decision-making only when there is some collision of interests, and by then it may be too late to develop a collaborative approach to the problem. Though municipal and county taxes are likely to have more to do with inequalities in local tax burdens from community to community than do school levies, citizens often seem to view the "tax bite" in an undifferentiated way, tending to favor both or neither. Given this common problem in community attitudes and a growing citizen resentment at apparent duplication of services and involvement of the school in spheres somewhat removed from the education of children, more collaboration between the schools and other units of local government would seem highly desirable. It could well be extended to other institutional sectors also.

Such collaboration might take place informally, as is the case in districts where parochial and public school officials cooperate in planning the sites and sizes of their respective physical plant. The broadly representative citizens advisory committees for community planning and development offer a more formal possibility, assuming the usual efforts to render them ineffectual were supplanted by plans and programs to make them meaningful components in community decision-making.

Consequences for Power Structure

Adoption of such proposals would, of course, bring possibly extensive changes into the structure of local educational decision-making. It would become less autonomous and more democratic. If one uses volunteers to poll the public, one must share with them the knowledge gained. If more citizens are to be involved participants in school affairs, even in advisory roles, they will have to be taken seriously. If collaboration is to be obtained from those in other institutional sectors of the local community, especially other segments of local government, there must be give as well as take.

I have found school superintendents who are receptive to these suggestions in spite of those consequences, though others are dubious and some wholly hostile. PTA activists with whom I have spoken tend to be enthusiastic about playing a more meaningful role. I suspect that board members might offer the most opposition. Much depends upon how grave one considers the problem of local community support. There is a way; the question is one of will.

Community Pressures on School Boards

Harold Webb

ONE of the big problems we have to overcome in education today is a lack of communication—lack of communication among ourselves, and among board members, administrators, professional educators at the college level, and the general public. Unfortunately, we in education all too often find ourselves walking around in big circles talking to ourselves.

I believe that conferences of this nature and other attempts being made to improve the understanding of our problems at all levels will play a major role in helping to create the understanding necessary before we can solve the complex problems facing us today. As a basis for our discussion of community pressures which are impinging upon school boards, let us briefly review the reasons why we have school boards and what their function really is. The 1956 Yearbook of the American Association of School Administrators contains a passage which sums up the function of school board members quite succinctly:

> School board members represent the people who own and support the schools. They form a grass roots organization which is closer to the people than any other form of government. They voice the wishes and aspirations of the parents and the children. They spend the local taxpayers' money and are responsible to their neighbors for the action. They are trustees of a great public responsibility.[1]

We at the National School Boards Association explain that school board members are the legally constituted public officials who have been delegated authority for operating the nation's public schools and for formulating educational policy.

The school board must represent the total school community determining what in its judgment is best for the community. No segment of the community—professional, political, economic, social, religious, or other—should be permitted to dictate the policy of school operation. The local school board, deriving its legal authority from the state, is responsible for operating under state laws that govern public education. But we also realize that America's public school boards and their administrators, the superin-

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[1] American Association of School Administrators. *School Board-Superintendent Relationships.* Washington, D.C.: the Association. 1956 p. 27.

tendents, live in a world made up of diverse pressures. That is the way it has always been, and I believe that is the way it must be as long as our schools are literally of the people.

Of course, the school board's reaction to the many pressures exerted upon it by the community ultimately depends upon how that school board views its responsibilities. If the school board simply is a reflector of public opinion, it must respond to every pressure exerted by the community. On the other hand, if it is expected to exert leadership as well, it will act in another manner. It will sift and weigh facts, compare various ideas and pressures, and ultimately make decisions based upon what it feels to be the wisest course of action and not necessarily always consistent with the pressures which may be exerted upon it by the community.

The way in which a school board operates is dependent upon how it views its roles and responsibilities. As the people's representatives in educational matters, some board members may feel that their primary responsibility is to serve as a sounding board reflecting the shifting opinions of their communities. This course of action may cause the board to keep its ear to the ground to determine what the direction of its educational policy should be.

In contrast to the listening post attitude is the school board that views its role primarily as being one of self-determination and leadership without much reference to the expression of the will of the people. Boards in this category often view their jobs in light of the public servant who says, "Now that I've been chosen to do this job, I will do it. If you don't like the way that it is being done, then you can get another man." This attitude also leads to serious difficulty. For while it may contain in it the virtue of a dedication to courageous leadership, it is not tempered as it ought to be by the give-and-take of ideas, expectations, goals, and attitudes that is necessary to have expressed in an orderly and useful fashion by the citizens of a democratic society.

If a school board is, on the one hand, to supply local lay representation of the people as the agent of the state, and is, on the other hand, to do its part to move the schools forward as rapidly as possible, school board members must combine the virtues of listening and leadership. These two qualities must be further refined, for the school board member must *actively* listen and *courageously* lead.

We believe that the words which Edmund Burke spoke to the electors of Bristol in 1774 provide wise counsel for the conscientious school board member of today. Burke said, "Your representative owes you not his industry only, but his judgment, and he betrays instead of serving you if he sacrifices it to your opinion."

The school board must take the initiative to establish the framework of the procedures through which the expectations of a community can be determined and, through leadership, raised. It is through this kind of a school board—using the resources that an informed and intelligent public has to offer in concert with the advice of competent, professional administrators and staff members—that our schools can accomplish the tremendous tasks which face us.

Now that we have looked somewhat at the roles, responsibilities, and philosophy behind school board operation, let us examine more closely some of the community pressures on school boards as they grapple with the many problems confronting education in today's changing world. I think we can safely say that school boards, more than any other public body, are today bearing the brunt of public pressure. This is true for two reasons. One, the schools have always been close to the people they serve, and two, schools are at the center of some of the basic issues confronting our society today.

An underlying pressure with which boards of education must deal is the population explosion. While this has not generally been considered as a direct form of community pressure upon the schools, it certainly is a cause of many of the problems which school board members face today. Consider, for instance, the rapidly growing school population and the truly alarming predictions which are made for the next ten or twenty years. Consider the huge number of classrooms which are now needed and will be needed, the army of teachers and the huge financial resources which school boards are expected to provide. These can be considered normal pressures being exerted by a growing nation upon its school system, but at the same time, these pressures are the cause of many of the other pressures with which our school boards must deal.

While we would all agree that everything possible should be done to keep school costs down, the sheer numbers alone—combined with a steadily creeping inflation—make this virtually impossible. School costs are rising and I suspect they will continue to rise. For taxpayer groups to single out education as one element in our life, both public and private, where costs should be cut is simply unrealistic.

In no other area in the public budget must a governing body secure the approval of the electorate before being able to adopt its operating budget. In some states, school boards must submit their proposed expenditures to the public for their approval. A disgruntled public, chafing from the ever-rising costs of living, unable to affect to any large degree costs of other governmental agencies, takes out its resentment on the schools by sending a steady stream of school budgets to defeat.

It is a sad commentary, but in many communities where this problem has persisted, the board of education has discovered that the only way to get a school budget approved by the voters is to cut the school program to the bare bone. In communities which have experienced a whole string of budget defeats, school boards have been forced to hold back teachers' salary raises, to cut out athletic programs, and to eliminate other extracurricular activities such as band, activity clubs, and field trips, to drop school lunch programs and to stop free school transportation. Then, and only then, has the public been jolted into waking up and realizing that the costs of a good school program have been increasing along with all the other components in our cost-of-living index.

For three reasons—increased enrollment, increased cost of living, and improved services—the cost of education will continue to climb in spite of the many economy measures that have been instituted by boards of education and the many more which are currently being studied.

In this respect, I did not intend to indict only the public, which is often apathetic to the needs of education. In our affluent society, with the highest standard of living the world has ever known, the problem is not one of having insufficient funds; the problem is convincing the public that education is more important than the many luxuries with which we prefer to indulge ourselves. School boards, administrators, and teachers have a responsibility for creating a program of public information to help the public and local officials understand the financial needs of the schools. When such understanding has been achieved, the school boards will find that unwarranted pressure from taxpayers to cut school costs is greatly reduced.

Let's turn now to some of the other areas of pressure on boards of education. One of the most serious of these is the increasing pressure being exerted upon boards of education by teacher groups for a greater voice in policy determination. School boards consider this problem as posing a real threat to the power legally vested in school boards to make the final decisions affecting the schools. Within the past several years teachers have been pressing for a greater voice in the determination of policy matters. This is just as true for teachers who have organized into teacher locals affiliated with the American Federation of Teachers as it is for teachers who have organized into local units affiliated with state and national professional education associations.

Perhaps the problem would not have developed the way it has, had it not been for the strong efforts of the American Federation of Teachers to unionize teachers. The unions have been achieving a fair amount of success, especially in the larger cities, although I would not want you to believe for one instant that the efforts of teachers' unions are restricted only to larger cities. The union's efforts have been spurred on by fairly large gains in their membership which indicate to union leaders that possibly teachers are ripe for organization. Success here would provide the unions an entry into the white collar and professional fields. In New York, the union won a collective bargaining election last year and has since negotiated a contract with the board of education which is being widely publicized in union literature. In Chicago, the union, along with the Teachers Association, has just won recognition from the school board. The union has now requested the board to call an election to determine exclusive representation. Similar demands are being pressed in Cleveland, Detroit, and other cities.

The NEA, still the giant in the teacher organization field, has been fighting these attempts at collective bargaining with its own version, which is referred to as professional negotiations. There are fine differences between the two. For boards of education it means that they are being exposed to increasing pressure from both sides for a greater teacher voice in setting school policy.

Several State School Boards Associations and the NSBA have taken cognizance of these demands by adopting a policy statement urging local boards of education to consider the requests and grievances of teachers before arriving at policy decisions. It advises them to establish and use free channels of communication with all their personnel in order to obtain the benefit of their thinking. While the NSBA does believe in taking the teachers' views and recommendations into consideration, it is firmly opposed to strikes, sanctions, teacher boycotts, forced arbitration, or any similar device. It believes that school boards should refrain from entering into compromise agreements based on negotiations or collective bargaining. In essence, NSBA's policy is predicated on the premise that school boards have the legal responsibility for making these decisions and that they are not permitted by law to delegate any of this authority.

In spite of this policy, local boards of education are facing increasing pressure on the part of both union and professional groups, and I frankly believe that we can anticipate further attempts to encroach upon the legal authority of the board of education in this area. Developments which tend to diminish the decision-making power of the board must be viewed as a weakening of local lay responsibility for education, because it removes the control over policy that much further from the public's hands. Local lay control can be effective only as long as the whole public, through the board of education, has full power to make decisions in light of what is best for the public welfare.

Another major threat which requires the attention of school board members centers in the area of social pressure being exerted from racial and religious factions to make certain decisions.

Increasing pressure is being exerted on both educators and legislators by religious groups who propose that public tax funds be used to help support nonpublic schools. This pressure has been growing for the past several years and every indication points to its increasing in the years ahead. The crisis is, of course, brought on by the sharply rising number of parochial school students seeking an education in the nation's Catholic schools. These schools have been experiencing an enrollment growth even sharper than that in the public schools and also suffer from a shortage of classrooms and teachers. Tax relief is the most obvious answer being sought by churchmen.

The problem is by no means limited to the Catholic church. If legislation is ever passed by Congress permitting the use of public tax funds for the support of nonpublic schools, we can surely expect to see a rush for these funds from practically every religious group which now operates, or contemplates operating, its own church school system. It should be obvious that the result will seriously weaken the nation's public school system.

I believe—and I think you will agree with me—that this would be disastrous for this nation. It is for this reason that the NSBA is opposed to the use of public tax funds for the support of any nonpublic school. A year and a half ago in a nationwide survey of board opinion, in answer to the question, "If a general federal school support measure were passed by Congress, should financial assistance be given to nonpublic schools?" 78 percent said no. The remainder were distributed among yes, 13.9 percent; undecided, 3.5 percent; and no answer, 4.3 percent. It is for this reason that local school boards across the nation are speaking out with increasing frequency in their fight to prevent the use of public tax funds to weaken the public schools. I believe most other public school organizations feel the same.

In an effort to get around this seeming impasse created by the sharp separation of church and state, some educators and churchmen are proposing what they call "shared time". This would enable parochial school students to attend public schools part of the day for some of their instruction not considered by the church to have any religious connection. Although the plan is still in the discussion and experimental stages, it is receiving growing attention. Legislation has just been introduced into Congress which would provide federal assistance for certain programs to those school districts who also admitted students from parochial schools in what we would term a "shared time" arrangement but the Administration calls "dual enrollment." Passage of such legislation would certainly create another kind of pressure on the board in making its difficult decisions.

Turning our attention now to the problem of race relations, I think it is evident to anyone who reads the newspapers that school boards are being exposed to a great deal of pressure. Strong integrationist or segregation groups composed of citizens with an ax to grind are trying to have basic education decisions made by force of numbers, demonstrations, and other methods rather than leaving those decisions in the hands of the school boards.

There can be no denying that this nation is faced with grave civil rights problems, but these are not problems of the schools alone—they are problems which cut across every aspect of our society. I believe that this problem must be solved in our schools on the basis of what is best educationally for our students, not on the basis of wild emotionalism from either extreme.

The last major category that I want to discuss with you, in which I think board members are being subjected to a disproportionate amount of public pressure, is the area of curriculum. Here, particularly, I believe, school boards have had to withstand the onslaught of critics of every hue, shape, and philosophical bent. Though many persons, including teachers, fail to recognize that curriculum decisions have far-reaching financial implications for the schools, they pressure for uncoordinated and isolated decisions in this important area. Sometimes it seems that practically everyone considers himself an education specialist. Starting in the early 1950's with the rise of citizen interest in school problems, pressure on school boards to add to or change the curriculum have been steadily mounting. This public interest in the curriculum perhaps hit its high point shortly after the Russians launched their first sputnik in the fall of 1957, and the schools became the nation's scapegoat for the fact that the

United States was in second place in the space race. If all the alleged shortcomings of our nation's schools were really true in 1957, it strikes me as mighty peculiar today that those same schools have turned out the scientists who are now responsible for this nation's commanding lead in the race to outer space. But leaving outer space out of the picture, our schools have been subjected to wave after wave of criticism for what goes on in the classroom.

Some say the curriculum is too soft, that it doesn't stress basic education, that it is devoid of solid content. Some of these charges have been justified and in many cases have served to wake up school boards, teachers, and administrators to the fact that modern-day education is a rigorous, exacting experience. Today's youngsters have more to learn and less time in which to learn it than any other generation, and this change will increase in tempo, not diminish. So, for what the well-intentioned critics have accomplished, I think we should all be grateful.

School boards, after consulting with their professional administrators, are in a unique position to determine what the school curriculum should include. Even though they are not professional educators, they are close enough to the public to understand and translate its needs and wishes. They are capable of providing the wise blending of what they believe the public wants and of what students must have. While remaining ever-responsive to the needs of the public, I would not advocate for one minute that boards of education bend before every wish or demand presented by a community pressure group.

School boards are coming under increasing fire also from "do-good" community groups which are attempting to determine the educational diet their children receive by censoring or banning certain books from school reading lists or library shelves. I believe that boards of education and their professional staff have the wisdom and educational perspective to determine what kinds of textbooks and outside reading are beneficial for our children. I believe that boards of education should resist with all the force at their disposal the inroads these groups are making by piecemeal curriculum determination.

Just as insidious, because it hides behind a guise of doing what's right, is the pressure from extremist political groups to teach certain subjects or certain political philosophies and to deprive students of certain useful experiences and ideas. I believe that our schools must turn out well-rounded students with an understanding of this country's heritage and of how its government and economic system work. But this does not mean that our schools should turn into ideological mills for inculcating our students' minds with political propaganda.

I have tried to picture *some*, not all, of the community pressures that are impinging upon boards of education as they attempt to fulfill their responsibility for administering the community's public schools. I have mentioned some of the financial and taxpayer pressures, some of the pressures being exerted by teacher groups, and some of the racial and religious and political pressures which are being exerted. In the face of all this pressure, boards of education are not going asunder. I can honestly say to you that boards of education have reached new heights of intelligent and effective leadership. Through their organizations they have sought and found many answers to their problems. In light of this, I feel confident that our unique system of local lay responsibility for education will continue to flourish and to give this nation the kind of schools it needs in the rapidly changing world of the 20th century.

Pressures on school boards, while not pleasant, are not always undesirable. School boards have responded in a positive and wholesome way. It has been said America's public school boards and their administrators, the superintendents, live and move in pressures as a sailing craft lives and moves in wind and tide. That is the way it has always been and that is the way it must be, as long as our schools are literally of the people. The whole unique American concept of public responsibility for the education of all children is the result of pressures.

If this nation were to be deprived of citizen-interest in education we would be the worse for it. Pressures on schools exist because people believe that schools are important and that education does make a difference.

Adlai Stevenson, speaking to the National School Boards Association in San Francisco in 1959, expressed the need for keeping our education close to the people when he said:

> The political fact . . . is that education is a national problem which, alone among our national problems, is not handled on a national basis. Such universal problems as security and defense are treated nationally. The government studies the needs, appropriates the money, raises the revenue, administers the program. But the governmental function of education has been left to the locality, to the separate community, to the separate school board. The fear of surrendering to centralized control the responsibility for education of our young is, I think, still valid. Because in a vast country like this one, the further you remove the responsibility for education from the locality, the more you endanger the interest and the concern and the sense of responsibility of the individual citizen in the community. . . . What we desperately need is more, not less, individual concern for education. Our schools are a great national problem—incapable of a national solution.[2]

Let me leave you with this concluding thought: "What the citizens of the next generation will be, the schools of today will largely determine; and what the schools are, school boards largely determine." [3]

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[2] National School Boards Association, Inc. *Improving Education—A Free People's Responsibility.* Evanston, Ill.: the Association, 1959. p. 29.

[3] Reeder, Ward G. *School Boards and Superintendents.* New York: Macmillan Co., 1944. p. iii. Quoted with the permission of the Macmillan Company.

Teaching Teachers About School Finance

Stayner F. Brighton

THE role of the teacher and of the school superintendent is changing. Both roles are becoming more important in our society today. The professional teacher now is expected to be much more than a highly skilled instructor and classroom manager, although these must remain his basic concerns. Besides his classroom assignments, his new role includes professional and public relations responsibilities, and activities formerly assumed to be solely in the province of the school administration. New roles for the school superintendent are also emerging. Chief among these is a staff leadership role which becomes ever more challenging to him as he deals with a better-educated, organized, secure, and knowledgeable faculty. Nowhere is this emerging role more evident than in his responsibility for overseeing the development of the school budget.

Perhaps the most significant development in the American public school system today is the insistence of teachers on having a more prominent voice in the decision and policy-making processes of the schools. Whether it be professional negotiations, collective bargaining, or some procedure yet to be developed, teachers, through their own representatives, increasingly are going to help make decisions on salaries, fringe benefits, class size, curriculum, organization for instruction, and many other matters which affect the school budget. It is not for me now to discuss how teachers, school administrators, and school boards will work out this problem, but work it out they must, for the trend toward professional negotiations is snowballing everywhere.

One factor which has worked against teachers in their struggle to make their voices heard in financial policy determinations is the fact that the school budget to many teachers has been a baffling mystery. Furthermore, there has been a willingness on the part of many to relegate the area of school finance to the budget officer or superintendent of schools. Now, however, the superintendent, often harassed by tax protection groups and busy trying to correct misstatements and errors about the school budget made by both friends and antagonists, is confronted by his

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staff wanting to assume more responsibility in matters affecting the school's finances. It is little wonder that he sometimes takes a position that seems to say to his teachers, "Hands off! A little knowledge in this area is a dangerous thing."

In this setting, the educational enterprise is severely hampered, not only because the staff is frustrated, but because the whole program depends upon the school budget and the revenues which support these services. I think that what the NEA and state teachers professional associations are trying to say is that the basic premise should be: Because of its fundamental importance, school finance should be the concern of everyone connected with education. Problems and issues of school finance challenge the best efforts of teachers, administrators, specialists, and all others who have ability to help if adequate support for education is ever to be achieved. The reluctance on the part of teachers to become literate on the subject of school finance may stem from the widely held misconception that the subject is complicated, technical, and difficult to understand. Actually, the fundamental principles are simple, logical, and readily understood. Of course, the complex details of foundation formulas, taxation theories, and technical abstractions may well be left to specialists.

One basic need has been for a primer, a basic study guide to present the essential aspects of school finance in an interesting, pleasant, and effective way. It has fallen to my lot to write such a primer. (Copies of the preliminary edition are now in the field.) The framework settled upon was:

- To present the material from a "teacher association point of view," emphasizing the role of professional associations in budget-making, salary negotiations, and public relations. Also the federal aid for education controversy was to be presented from the NEA standpoint; first, because I think this point of view is right; and second, I think we have an obligation to promote this side of the question. No NEA publication can ever escape accusations of bias. One might as well minimize this aspect of the problem in the beginning.

- The choice of references was selective. The guide, intended for beginners, should not attempt to "snow" readers with references. (Burke, Benson, Barr, Johns and Morphet, Mort, Reusser and Polley plus NEA and U.S. Office of Education publications made up 95 percent of the references. Each of the texts referred to had extensive bibliographies, and attention was called to the bibliographies on school finance in the *Encyclopedia of Educational Research* and those published by the NEA Research Division.)

- The material should be presented in an interesting and inviting manner. At the outset, I was intrigued with the idea of presenting the primer as a programed text. I decided against using this format for the entire study guide when it was found that it took 20 pages just for the introduction. A more conventional approach was taken for the remainder of the text.

- Most items which make up the subject matter of school finance should be treated under the school budget. Tax sources, revenues, state grants-in-aid programs, expenditures for salaries, maintenance and operation, and capital outlays can all be discussed under budgets. Teachers will then think in more direct terms of the relationship of these money factors and the school program as well as their own salaries and other welfare items.

- The discussion questions were to be the most significant items in the guide. They were to be posed in such a way as to incite interest and at the same time lead the students to the essential facts and issues in school finance.
- Each selected topic was to be introduced by a short summary of pertinent information and followed by a group of questions for discussion and a list of selected references.
- The guide was to be written so that it might be used as a unit in a general survey course in education or as an introduction to a more comprehensive course in school finance. It might also be used as a discussion guide or outline for individual or independent group study.

When the manuscript was finished, it appeared to the author that to many teachers, this syllabus would seem too elementary. However, it was designed for the beginner, and most of the items included were basic principles which may be pursued superficially or studied more intensively as the situation requires. References were provided for the individual who might desire to probe each topic in greater depth. We hope, of course, that many persons will be motivated to do this.

The NEA Committee on Educational Finance has reviewed the manuscript, and it is now published in multilithed form for limited distribution. It is perfectly obvious that a finance primer, like a textbook, is only one tool which can be used in a program of teaching teachers about school finance. If teachers are to become familiar enough with the principles and techniques of school finance that their efforts will be constructive, some changes in philosophy as well as in programs will have to take place—in teacher preparation institutions, at the school district administrative levels, and within professional organizations themselves. Basic to these changes is the general acceptance of an obvious but very important fact of life: that teachers not only will, but that they should play an increasingly active role in recommending and developing school policy; that through such active participation better policies will be established and will be more intelligently implemented.

It will take time and effort to bring many of our teacher colleagues to the place where they will be willing to assume the added responsibility this philosophy entails. Some school administrators continue to see in this program a loss of their authority rather than an opportunity to exercise a higher order of leadership. Some school directors fear further erosion of their legal prerogatives. Some college and university faculties view the professional negotiations movement with aloof detachment as being simply a power struggle between professional associations and unions. To me it seems we should be guided by the old proverb, "It is better to light one candle than to curse the darkness."

Steps can be taken on at least four levels that will increase teacher understanding of school finance: (1) professional associations of educators, (2) school district in-service workshops, (3) citizens study groups, and (4) teacher-training colleges and education departments in institutions of higher learning.

- *School Finance and the Teachers Professional Associations.* The efforts of the National Education Association and its affiliated local units to improve the financial undergirding of the schools and economic welfare of the teaching profession are well known. Their struggles with legislative bodies and school boards have been and are heroic. On every hand, these campaigns need knowledgeable people who can explain finance problems of the schools to the public, participate in forums, appear before school boards, and testify before legislative bodies. If your experience is like ours, you find yourselves turning time and again to the same few individuals in each region or state whose understanding and background are sufficient to enable them to be an asset in the campaign. Conversely, there is always the problem of keeping the uninformed individual from hampering the struggle with inaccurate or misdirected statements. Misinformation is especially damaging when it comes from teachers or other school employees to whom the public naturally turns for information.

However much teacher association leaders may wish for a reservoir of financial talent within the teaching corps, it is not likely to become a reality until the associations themselves set up a program to help develop it. The teacher association is a good place to start because it is in the best position to capitalize on teachers' self-interest. The local salary committee can be a good training ground. Indeed, one legitimate purpose of a salary committee should be to familiarize its own members with school finance principles and techniques. In order to fulfill this purpose as well as to be an effective committee, its members should be selected with care. Among other qualifications, they should have an interest in figures, in budgets, and in school finance matters.

Salary committees should have provisions for continuity of membership. A recommendation from the NEA Salary Consultant Service says that members should serve terms of three years or longer on salary committees. This provides them a sufficient amount of time to become familiar with the school budget and to develop some know-how on the sources of school revenue and the demands on these revenues for various school services. Another recommendation is that salary committees serve as standing committees during the entire year, meeting frequently. A block of time should be set apart, either at each meeting or at a special group of meetings, in which state association field men, state agency personnel, a district finance officer, or a faculty member from a nearby institution of higher learning might meet with the committee, answer questions, and suggest projects that would lead the members to a better understanding of school finance principles and practices in their state.

The local school superintendent, working cooperatively with the salary committee of the professional association, could expand insights into the school budget and widen the group of persons with whom he is working to achieve answers to problems of common concern.

The NEA and state associations can help local units by providing them with materials and consultant services when requested. They can also conduct statewide workshops or regional meetings similar to the salary schools which have been sponsored during the past several years by the NEA Salary Consultant Service. The state education associations and National Education Association could also draw from local salary committee leaders for delegates to meetings such as this one today. It seems to me that leadership training aspects of the NEA and state associations should be expanded. Our task will be infinitely easier when we develop local leadership that is able to go ahead on its own and do an effective job of budget analysis and school finance promotion.

- *School District In-Service Workshops.* Throughout the country there is a move to increase the length of the teachers' contract year beyond the actual days when school is in session. Two or three days before school starts in the fall, between semesters, and at the end of school in the spring are being added to teachers' contracts everywhere. In addition, many of the larger school districts are employing some teachers on a voluntary basis during the summer months. Besides regular summer-school teaching, more and more professional teachers' time is being purchased for research, curriculum study, textbook evaluation, planning and program development, and in-service workshops of various kinds. These offer an excellent opportunity for a school administrator to assign certain of his teachers to projects related to budget development. Some fruitful projects teachers might be assigned would be a study of budgets in other districts and in other parts of the country, the possibilities of developing narrative-type budgets, illustrated budgets, budgets with summaries, and various other presentation items which may lead to better budgetary practices in the districts.

Some larger school districts conduct adult education programs and in-service courses available to their own faculties during the school year. Teachers may enroll in these for credits which may be used to satisfy salary schedule advancement requirements or other district in-service requirements which are designed to improve and upgrade the quality of teaching. A course in public school finance might fit very well into one of these in-service programs. Faculty members who have taken these courses would certainly be an asset to the district when the time comes to submit bond levies or special tax override elections to the people.

- *Allied School Citizens Study Groups.* PTA's and other citizens groups interested in the schools and their financing provide a ready-made opportunity for teachers and other school personnel to become involved in studying school finance. Program chairmen of these grass-roots organizations constantly are on the lookout for programs or activities which will be of interest to their members. Subcommittees, panelists, and study groups often are formed to put on programs and conduct forums on subjects ranging from the optimum entrance age of first-grade students to year-around use of school buildings. Why not a series of programs on the subject of school finance? We hope the new finance primer will prove helpful to just such groups.

Six years ago I had an assignment to work with a citizens study group in a large school district near Seattle. In preparation for this assignment, I developed a laymen's workbook entitled "Let's Figure Our School District's Revenues." This was a simple little workbook which gave people an opportunity to put some figures in the blanks and work through a regular school budget estimate. The patrons really enjoyed this little exercise. Through it they gained considerable insight into the ways local school districts are financed. As a result of our experience with this one study group, we printed the workbook. Since its publication, the demand for it has grown until today we distribute some five thousand copies every year to local units throughout the state, to the PTA, the League of Women Voters, citizens committees, and even to institutions of higher learning where the workbook is used with students in general survey courses. We believe there is no substitute for actual experience in working with the figures to give people insights into the "nuts and bolts" of school district financing.

Such citizens groups should be encouraged by the teaching profession if we are to raise the general level of understanding of the people concerning the financing of our schools and to enlist their support in providing taxes to supply the needed revenues.

• *Teacher Training Colleges and Education Departments in Institutions of Higher Learning.* Unless a teacher is planning to specialize in school administration, there is little likelihood that he will be exposed to a course in school finance during his academic career. In the light of the emerging role of the classroom teacher as discussed above, we feel this to be a mistake. A very minimal program should include an introduction to the principles and problems of school finance, along with historical and philosophical backgrounds of education and general courses in school philosophy and school management. A survey course in education should devote at least a week or so out of a semester to school budgets and the finance plan which makes them operate. Prospective teachers should know what taxes are used to support schools, how they are levied, and what the strengths and weaknesses of the tax system are. In addition, they should understand the underlying philosophies of the state school finance program. Formulas for local effort, state aid, equalization—all should be familiar language to the public school teacher.

In the state of Washington, approximately one-third of the teachers return to summer school each year. All of our larger institutions of higher learning and many of the smaller ones offer summer courses in school finance. Most of these, however, are designed for school superintendents and administrative personnel. Generally speaking, only those persons actually in administrative positions or teachers aspiring to such positions enroll in these courses. More classroom teachers should be encouraged to do so. The graduate seminar is another place where teachers could be exposed to school finance study.

I believe America has the resources that will enable us to meet our schools' financial needs now and in the years to come. The American people can afford the kind of education they want. The challenge for you and for me lies essentially in helping convince everyone we can that education is a good investment. We can start among those who are closest to the problem and who have a great stake in it—the public school teachers of the nation.

Progress in Compiling and Reporting Educational Statistics

Peter P. McGraw

THE current changes in compiling and reporting financial information are being brought about principally because of the use of automatic data processing. In order to understand these changes, we must recognize and understand three basic facts about financial data processing.

The first is that if an item of data is to be assembled more than once or stored and later retrieved, it can probably be handled more economically by machine than by manual methods. The second is that there are two facets to every expenditure—what you bought, and why you bought it. No matter what you purchase, the transaction will have these two characteristics. We must be able to account for both of them to answer the questions we are asked—for example, we may be asked one moment to give the cost of an object such as gasoline and then we may have a question from the same person about the cost of transportation. He has in effect asked us two questions about the same expenditure. What did you buy, and why did you buy it?

A third fact about data processing is that an item of data is meaningless until it is related to another item of data. For example, if I were to give you the figure 36, it would mean nothing to you. If, however, I said 36 inches, you would know it was the measure of something. Furthermore, if I said 36 inches, 24 inches, and 36 inches, you would know I was speaking about the dimensions of something. It might be a box or it might be a "babe," but you wouldn't know until it was related to something else. Now the more items of data that can be related, the more meaningful our information becomes. For instance, if the measurements were those of a girl, the ability to relate the telephone number and address to the dimensions would be invaluable.

More and more school systems are learning that you can record both the function of the expenditure and the object purchased in the same punched card. They have discovered that it is a relatively simple matter to sort these cards by object of expenditure to de-

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termine how much was spent for gasoline and then resort to the same record a minute later to arrive at how much was spent for transportation. They are discovering also that the same cards can be sorted in many different ways, by school, by month, by grade, by building, by vendor, by budget category, etc. They are also discovering, but not without some pain, that the original record must be classified and coded properly because the machine prints garbage with the same efficiency that it produces useful reports. The ability to produce more answers at low cost leads to more questions, and asking more questions leads to improvement of the information system.

We now have over one thousand school systems using data processing to store educational data in machine usable form. Approximately half of these have their own equipment and the others use service bureaus or other related government installations. It is significant that almost half of the installations in local school systems were put in within the past year. Most of these installations are still the simple punched card electric accounting machines, but there are over one hundred with modern electronic computers.

In trying to evaluate the progress of data processing it is more important that you understand the process a system goes through than the number of machines in use. I like to break this process into three arbitrary steps that I refer to as three levels of development. The first of these is the use of data processing as a clerical tool; the second is the use for administrative control; and the third is the use for procedures that are impossible by manual methods, which I will call (for lack of a better term) automatic administration.

At the first level, the school system uses machines to do the same job that was formerly done by clerks. Documents such as checks, grade reports, W-2 forms, class lists, payroll journals, and directories are printed by the machine instead of being typed by a clerk. These changes in procedure may save time or money, but they do nothing to change policy, programs, or philosophy. The decisions needed in setting up the system are of a clerical nature and consist of such things as the number of copies needed, color of paper, and design of the forms. The most significant change is usually converting a few clerical duties, such as reclassifying a clerk-typist into a key punch operator. Most of our school installations are still at this stage of development.

In the middle level of development, the administrative staff begins to use data processing tools for administrative control and planning. This level of progress begins when the administrator discovers that he has a considerable amount of data in machine usable form as a result of mechanizing such things as payrolls and pupil records. He finds that it is simple to resort to the basic unit or punched card records and get answers to many questions. He also finds that he can correlate some of this data, but not all of it. He finds, for example, that the attendance cards designed in cooperation with the school clerk to prepare the grade report can be used to prepare the report to the state *if* someone only looks at both problems when the system is originally designed. He discovers that personnel reports can be prepared from the master records in the payroll file *if* both offices are given a voice in the discussion. Usually, of course, he finds that the system was designed as a series of separate clerical tasks to satisfy a clerical need and little thought was given to the needs of the administrator.

He has enough success in getting some things from the system, however, that he wants more and begins to get involved in systems developments that will meet the needs of the administrator as well as of the clerical staff. This involvement usually leads to several administrators getting together to discuss responsibility for record keeping. It usually results in meetings to discuss coding systems and definitions. Many times duties must be reassigned from one department to another. It quite often leads to some very basic discussions of policy and programs. It always results in the addition to the system of certain reports to be produced on a regular basis.

At some point in his development the administrator discovers a concept known as *management by exception*. The administrator begins to receive stacks of paper from the machine room in the form of endless listings or reports which he scans for deviations from policy, unusual conditions, etc. He is usually happy with this arrangement for a time because he can now answer many questions with ease, but he begins to get bored with the chore of scanning the endless reports to find the problems that need his attention.

At this point he usually knows enough about data processing to ask for special sorts on the data that will pull out the exceptional cases so that they can be listed for his attention. He is managing the area under his control by exception and he is using data processing for administrative control.

Some Coming Changes

As we look to the future and the third level, let us keep in mind that in the first level the machines did nothing that clerks did not do. In the second level they did nothing that administrators have not done in the past. Now we want to consider some things that are impossible for humans to do. The first of these topics is optimum scheduling. In undertaking the development of an optimum schedule for one school with one thousand pupils, we are faced with hundreds of thousands of variables. It is humanly impossible to take all of these variables into account in deciding through manual methods what teachers should teach what subjects to what pupils in what spaces during which periods of which days. A similar problem confronts us in scheduling transportation. Likewise in construction schedules for buildings. All of these problems are going to be solved with the electronic computer and are at various stages of research development now.

A second area that is impossible with the human brain is measurement of educational progress in terms that can be effectively used in making curriculum decisions. Let us keep in mind that we are in the business of educating *individuals* and our often stated philosophy is to educate each of them to the maximum of his ability. Let us take a simple subject such as spelling. If we endeavor to give each child a useful vocabulary of 12,000 words and we have an enrollment of 10,000 children, we should have a record of each child's ability for each word. That amounts to 120 million records that should be available to every teacher. A report of a child's progress that indicated his ability with regard to each and every word might be a useful measure of the child's ability. A grade of "C" in fourth grade spelling is of little value by comparison. Storage and retrieval of this volume of information is impossible by human means without the aid of a tool such as the electronic computer.

The third area where the computer will surpass the human is that of computer-based programed instruction. Programed instruction was developed to enable each child to progress at his own pace. Manual or mechanical means of presenting programed material are still too rigid to treat the pupil as an individual. With the branching logic in the electronic computer and the huge storage capability of its memory, these problems can be overcome. An added feature of this approach is the ability to keep track of where each individual is in the course and the kinds of difficulty he is having. Here, again, the computer, with its prodigious memory, can do something the human teacher cannot do. The reason, of course, is that the teacher cannot be with each child at every moment, whereas the computer with its speed can be with 200 children at the same time, even though they are taking different courses and are at different stages in the course.

In addition to the functions being performed by present hardware, we must take a look at three other technical developments; namely, voice communication to and from computers, data transmission, and language translation. The IBM Corporation offered for sale a few weeks ago a device which enables a computer to understand the human voice over a telephone line. Bell Telephone has programed a computer to talk or sing from data stored in machine usable language. The vocabularies are somewhat limited now, but this limitation will be overcome very soon.

With developments such as the Laser and Telstar we are greatly improving our ability to transmit data over long distances at high speed. At the present time we have schools transmitting attendance data and other information over telephone lines to computer centers with low cost units. The use of these simple units and other devices such as microwave relays is increasing in popularity to enable people and machines to communicate with other machines.

Language translation—for example, the use of a computer to read a book written in Russian and translate it into English—is improving at a remarkable rate and should be available commercially very soon. Keep in mind that if a computer can be programed to talk and to understand the human voice, and to translate, that these abilities can be coupled together.

Now that we have looked at these technical developments, let us ask ourselves some questions about education. The first of these that I would like to explore with you is: Why do we organize education the way we do? Why do we line up 16 rooms on both sides of a double loaded corridor and place

30 children in the rooms with each age in its own cage, and leave them there for a teacher to lecture to them for 180 days from September to June? We certainly do not do it because it is educationally sound. We have no research to say this is efficient. I propose to you that the major reason for our method of organization is its administrative feasibility. In other words, it is the only way we can have 1.5 million educators keep track of 40 million learners.

The second question I have for you is: Are we serious about our often stated desire to educate each child to the limit of his individual ability? If we take a marvelous new device such as the television transmitter and put it into an airplane so that we can marshall 200 thousand pupils in front of it at the same time, are we using progress to help us reach our goal or are we doing just the opposite? With such things as TV recording tape that is reusable and low cost TV cameras, should we not look to our new world of electronics to help us create individuals instead of automatons?

With these questions in mind and our knowledge of what is happening in the field of electronic data processing let us look at a school of the future. A group of skilled individuals from instruction, medicine, psychology, and the social sciences will meet with a child and his parents every six months to plan a child's educational program. They will have at their fingertips complete data, furnished to them from the computer onto a typewriter, about the child's abilities, aptitudes, status, and progress. They will plan the child's program for the next six months and indicate any points that should be brought to the attention of a specialist during that time. These recommendations will be produced automatically and delivered automatically in such places as curriculum, health, attendance, and guidance offices.

The child will be automatically enrolled in courses and classes, most of which will be taught through the use of computer-based programed instruction. He will have available to him library resources equivalent to the Library of Congress which he can call upon, in the form of photo prints or cathode tube displays in full color. The teacher will be given status reports constantly as well as warning signals if a pupil is having difficulty in performing as expected. Progress reports will be much more lucid and will be made in relation to the individually planned program.

The learner will work in a wide variety of environments. The young child may be in groups. The bed-ridden child will be in his own home. The adult may be at home or in a community center. The student body will range in academic work from preschool to the graduate level. It will include almost every person in the community who can be reached with a telephone line or a radio transmitting device. Parents who can afford them will have input-output devices in their homes to give them immediate access to any course. It will be possible to transmit courses from universities and other curriculum data centers directly to the school's storage system.

Administrators will have constant access to any part of the record storage and will have search routines that will enable them to ask for significant studies at any point in time. They will be able to have this information in the form of printed reports, but will use it more and more in the form of automatically prepared graphical displays.

All of this automation will not come about automatically. It will be born with a lot of blood, sweat, and tears. Like all progress, it will come whether we like it or not, but the speed with which it will come and the efficiency with which it is installed will depend to a great extent on the ability of our professional staff to adapt themselves to new concepts and procedures. It will not adapt itself in its finest form to our present methods of organization and administration. If we are to get the greatest use from it, we must be ready to adapt programs, personnel, and procedures to the new technology.

The greatest need we will face is know-how. We will be faced with a body of educators as much in need of retraining as the coal miners in Kentucky. We must establish training programs to get college and university faculty members ready to offer courses that will train people in the technology. We will need people in all disciplines to write the programs and teaching material.

We started out to talk about statistics and I have said very little about them. Let me introduce another principle of data processing. Statistics should be a by-product of a useful productive procedure. The simplest illustration of this might be the maintenance of an inventory system. A school clerk keys the quantity and stock number of an item needed by an art teacher and thereby transmits it to a machine which prepares a punched card. The cards are fed into a computer which determines (1) if the item is in stock, (2) if the budget is adequate to cover the request, (3) if this issue will reduce the inventory below the minimum reorder point, (4) the total value of the items requested. The computer then prepares the necessary shipping instructions to the warehouse or a notice to the principal if the item overruns the budget, or it may punch out a card for the purchasing agent to inform him that the item needs to be reordered. While the computer is performing these transactions, it is storing all of the information involved. This information is then available for periodic statistical analysis such as expenditures per pupil, by school, by course, by item, inventory turnover, etc. If this principle is followed, the resulting statistics will be accurate and economical. On the other hand, when statistics are prepared without an integrated system, they lend themselves to the whims and opinions of the clerks involved, are difficult to trace and impossible to audit.

If we apply this principle to the automated school which I have described, you can readily see that we will have enough statistics to engulf us. We must learn what statistics are significant, we must learn to ask intelligent questions, we must build programs into the system to give us answers.

If what I have said to you today seems like the year 1984, let me hasten to assure you that I have mentioned nothing that is not technologically feasible right today. If it seems far off, remember that the first commercially available computer was delivered a decade ago and is now in the Smithsonian Institution. And if you are afraid to face today, try to remember that the children you will enroll this fall will live most of their lives in the next century. If we are to educate them properly for their day and age we must be first in line to use modern technology. We must not only get up to date, but we must get ahead of today or we will be producing 19th century citizens to compete in a 21st century world.

PART FOUR

The Structure of Co-operation in Financing Public Services

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Education and Intergovernmental Relations

Selma J. Mushkin

EDUCATION is today the recognized path toward social and economic security, and toward opportunity for equality. As the No. 1 weapon to combat poverty and as a way to achieve more rapid economic growth in the United States, it is the concern of all levels of government—national, state, and local.

In the annals of national legislative action 1963 was a banner year for education. The Congress, after a decade or so of consideration, adopted legislation providing federal grants for higher education facilities, for an upgraded and revitalized vocational education program, for more adequate library facilities, and for medical and dental education.

A new work-study program for college students is in the making, as is also a vital program that calls for applying the strength and enthusiasm of youth to the urgent tasks of community living in our crowded and impersonal cities. A new institution for education is about to be established to train those young people who, on account of their background and heritage, do not respond to the normal routines and procedures of the conventional classroom.

Education for community living is being converted to community living for education. And the nation, the states, and the cities as political jurisdictions responsive to the voter have a major responsibility to provide that education through community participation so that the goals of economic security and growth can be gained by all.

In its broadest sense, the Advisory Commission on Intergovernmental Relations is an instrument for community education, for helping to build a structure of cooperation among national, state, and local governments that will facilitate the achievement of more efficient and effective public services. The largest single share of state and local funds is claimed by education. Accordingly, the efforts of the Advisory Commission to improve organizational arrangements for providing public services, to facilitate cooperation among governmental units, and to strengthen the fiscal systems and arrangements are necessarily of concern to the educator. Moreover, the new educational programs adopted by the Congress and those newly proposed for adoption require in many ways an unparalleled degree and kind of cooperation among the three levels of government. The

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general objectives of these new programs can be simply stated: the development of the nation's manpower resources to their fullest extent. The means toward the achievement of this objective—multiple programs involving different degrees of responsibility and administration by a variety of agencies at all levels of government—require unprecedented cooperative action and coordination machinery. The objective could be lost through friction among governments and agencies; it can be attained by squarely facing the complexity of the problem and by establishing methods of intergovernmental and interagency cooperation.

The Advisory Commission, with which I am now associated, has not worked either in the field of education or on its relevance to the new poverty program. My earlier association with the Department of Health, Education, and Welfare leads me, however, to link the operations of the Advisory Commission with the broader educational and welfare problems and to ask: What has the Advisory Commission contributed to development of tools for improving intergovernmental relations—tools helpful in meeting these problems?

Before considering this question it may be well for me to give you some notion of the composition, purposes, origins, and work of the Advisory Commission.

What Is the Advisory Commission?

The Advisory Commission is an agency of the national, state, and local governments, financed at present entirely by the national government but reporting not only to the President and to the Congress but to the governors and state legislatures as well. Established pursuant to PL 380 of the 86th Congress, approved by the President on September 24, 1959, it is a forum for joint consideration by representatives of the national, state, and local governments of problems of common concern. It is an instrument for recommending action to improve intergovernmental coordination in the administration of public services and in their financing. Through the representation of its membership and the force of the groups with which it works it has become a significant vehicle for practical action.

Who Is on the Advisory Commission?

The Advisory Commission has 26 members: 3 members representing the general public; 9 from the federal government (3 each from the Senate, the House of Representatives, and the Executive Branch); 7 state government participants (4 governors and 3 legislators); and 7 local government representatives (4 mayors and 3 county officials). The President selects the public members and those from the Executive Branch and designates the chairman and vice-chairman of the commission. He appoints the other members from panels of names submitted by the appropriate national organizations, namely, the Governors' Conference, the Board of Managers of the Council of State Governments, the United States Conference of Mayors and the American Municipal Association, and the National Association of Counties.

The enabling statute specifies the number that may be appointed from each political party so that the Commission can be maintained as a bipartisan agency. Members from the Congress are chosen by the President of the Senate and the Speaker of the House, respectively. Members of the Advisory Commission serve a term of two years from the date of appointment and are eligible for reappointment. From the outset of its operations, Frank Bane has served as chairman of the Commission and William Colman as executive director.

Why an Advisory Commission on Intergovernmental Relations?

The notion of a permanent agency concerned with study, information, and guidance in the field of federal-state-local relations goes back to the 1941 Treasury Committee on Intergovernmental Relations and perhaps more directly to the First Hoover Commission, which recommended the creation of such a body. A temporary commission was established in 1953, and it was only after review of the work of this temporary commission that the Congress actively considered legislation to create a permanent body to deal with intergovernmental relations. Out of a series of public hearings held in 1956, 1957, and 1958 came the enabling legislation setting up the present Advisory Commission as a permanent, bipartisan body.

The Advisory Commission was viewed by the Congress as a political innovation—a new type of organization, designed especially to cope with the changing problems encountered in our federal form of government. This political innovation fills a gap in the structure of governments under the federal system by acting as an intergovernmental body, representative of the governments, both their executive and legislative branches, to deal with the complex partnership patterns that have evolved in the provision and financing of public services in response to economic, social, and scientific change. Cooperation among governments and coordination of their efforts become increasingly urgent as the complexity of our society grows with the numbers in the population, urbanization, accelerated mechanization, and new scientific advances.

What Has Been the Work of the Advisory Commission?

The Advisory Commission has not been guided in its operations by any preconceived notions about more or less government, or about more or less national, state, or local government. Rather it has sought to identify concrete questions of intergovernmental relations and to formulate methods for dealing with these questions.

The principles that have guided the work of the Advisory Commission may be summarized as follows:

Specificity: to identify specific intergovernmental problems that impair the operations of government or weaken the effectiveness of its structure and arrangements for dealing with public problems.

Manageability: to investigate concrete questions concerning which there is a basis in fact about the scope and nature of the issues, in an effort to formulate methods of approaching solutions.

Resolvability: to study such identified questions on which decision could be made by an intergovernmental group after consideration of the issues, the alternatives, and the arguments pro and con on these alternatives. In its actual functioning the Advisory Commission has demonstrated a large measure of agreement and has shown little evidence of political partisanship or divergence of interest among levels of government. Most of the Advisory Commission's recommendations have been made unanimously.

Adoptability: to adopt, after consideration of separate questions, a series of recommendations on which action could be taken by national, state or local governments—action that would contribute toward furthering the effectiveness of the federal system of government. As Representative Lawrence Fountain of North Carolina has emphasized, the reports of the Advisory Commission are not just reports of research undertakings, but are intended to have a reasonable degree of political feasibility.

Accountability: to develop its study reports and recommendations only after informal reviews by experts and consultation with representatives of the national, state, and local governments; to design its operations so that experience may test whether this experimental tool of interlevel government is effective. Almost from the outset the Advisory Commission has taken the position that its continuance depends upon its accomplishments.

Guided by these principles of specificity, manageability, resolvability, adoptability, and accountability, the Advisory Commission has directed its staff to study, and report on, a series of issues varying widely in scope and in subject matter.

In the very brief period of its life, approximately four years since the initial recruitment of staff and three years since the professional staff reached its present level of 10, the Advisory Commission has issued 18 reports identifying specific questions of urgent intergovernmental concern and making recommendations for action to improve the situation. In addition, five informational reports have been published. Their subjects are (1) analysis of factors affecting voter reactions to governmental reorganization in metropolitan areas, (2) measurement of state and local fiscal capacity and tax effort, (3) compilation of overlapping taxes, (4) methods of determining the local or areawide performance of some 15 functions, and (5) a directory of federal statistics concerning metropolitan areas.

The Advisory Commission has undertaken no staff study on education. It has in fact undertaken only two studies of specific government functions, one on mass transit and the other on water supplies and sewage disposal.

Approximately half of the Commission's reports deal with fiscal policies, and one-third with tax problems. The tax reports include an examination of the property tax status of privately owned properties in areas under exclusive federal legislative jurisdiction, an extensive report on property tax administration, and a reinvestigation of estate and gift taxation so as to improve the distribution of these taxes among the states and to simplify state tax statutes. While the subject matter has been diverse, a pattern of action is emerging; more technical assistance to localities by the national and the state governments in the administration of tax law, strengthening of the role of the states in the administration of local levies, and freer tax action by the localities.

Reports dealing with issues other than tax policies similarly urge increased state action to assist and strengthen local governments by removal of restrictions on localities, by providing state-wide technical assistance to localities for the carrying out of governmental activities, and by conferring authority on localities for intercommunity cooperation.

Recommendations of the Commission

A number of Advisory Commission recommendations, developed in the course of the study and report process, deal directly with the structure of government or indirectly with the impact of state restrictions on the structure of local government; for example, the effect on structure of state restrictions on local indebtedness, on local taxation, on incorporation of municipalities, and on delegation of powers to local jurisdictions.

It is possible here to select for consideration only a few of the recommendations of the Advisory Commission. In making this selection, I have attempted to concentrate on the recommendations that appear to be of interest to the NEA, as is indicated by the efforts of the Committee on Educational Finance or of state associations, and on which cooperative action and the taking of steps for adoption and implementation in states or communities are suggested.

State Action on Property Taxes

Several of the state education associations have set state-wide property tax equalization programs as their legislative goal. Other steps have been proposed by other NEA groups to amend the property tax provisions so as to make the property tax more efficient and equitable. Property tax reform is also high in the order of priorities of Advisory Commission business.

Education necessarily has a high stake in the property tax. Over the period 1952-1962, in response to the increased school enrollments and the need for teachers and school buildings to accommodate the growing numbers, education outlays have risen by almost 165 percent; approximately $2 of each $5 of increased state and local expenditures have gone for public education. School financing has pressured increases in property tax collections, through property reassessments and rate changes; property tax collections have risen 120 percent over this period. Inequities in property taxation impair the continued productivity of the tax, intensify resistances to further property tax rate increase, and hamper the achievement of the objectives of state equalization aid for schools.

Dr. and Mrs. Frederick Bird conducted the Advisory Commission's nationwide survey of the administration of the property tax. On the basis of their factual information, the Advisory

Commission recommended a number of steps toward reform of the property tax. The first of the recommendations calls upon the states to take a hard, critical look at their property tax laws, and to rid them of all features that are impossible to administer as written. "No State should retain in its property tax base any component that it is unwilling or unable to administer with competence." The recommendations further call upon the states to divest the state constitutions of all details that obstruct sound utilization and administration of the property tax and to review the statutory property tax laws of the state so as to eliminate underassessment and to reduce erosion of the tax by exemption. State administration of assessments is recommended as the way in the longer run to obtain uniformly high-standard assessments throughout a state. As intermediate steps the Commission recommends state supervision and coordination of local assessments and state establishment of professional qualifications for assessors and appraisers, with safeguards for state action on equalization and on publicity.

Disparity between where the school children live and where the high property tax base is located makes for an uneven quality in education that itself contributes to further inequalities both in educational standards and property tax rates. Local units of government, however, are severely hampered in achieving property tax reform by intercommunity tax competition and by limited possibilities of recruiting qualified property tax administration staffs.

The problem of reform of property taxes is not new to you. As indicative of a large body of school finance literature, I quote from a report of the Committee on Educational Finance. "The need for upgrading the quality of assessments and the need for equalization are critical. . . . In response to the demands of taxpayers to reduce the inequities in the property tax, programs for reform in administration and equalization are under way in most states. School officials must be prepared to support these programs of equalization and other reforms as follows: to work for scientific, equitable assessment; to establish the office of assessor on a professional level; to work for assessment districts large enough to employ full-time professional people; to work for annual assessments at statutory levels of value; to work for internal and external equalization; and to work for just administrative and judicial procedures for the review of inequities."

The intergovernmental support for strengthening the property tax and the extensive study of administrative practices on which this support is based provide a new occasion and opportunity to move ahead in state capitols throughout the nation.

The Advisory Commission's property tax study and its earlier work on constitutional and statutory restrictions on local taxing powers point to the removal of restrictions in those states where they are now employed.

State-imposed restrictions on the taxing powers of local governments are incompatible with a local government's responsiveness to the needs of a rapidly growing and constantly changing community. On the use of nonproperty taxes, the Advisory Commission recommends that where conditions necessitate the use of such taxes by local governments, the state should help local governments overcome the economic and administrative handicaps which necessarily attach to administration by small governmental jurisdictions. The Advisory Commission continues with the recommendation that in states where a particular tax, such as the sales or income tax, is in widespread use by local governments and is simultaneously used by the state, the most promising coordination device is the piggy-back tax or local tax supplement to the state tax.

State Restrictions on Bonded Indebtedness

A major report of the Advisory Commission focuses on state provisions, (1) limiting indebtedness by reference to the local government's property tax base, (2) placing limits on tax rates that can be imposed specifically for debt service, and (3) requiring local referendums to authorize the issuance of bonds. The Advisory Commission points out that the present maze of constitutional and statutory restrictions upon local government borrowing is a serious impediment to effective local self-government. These restrictions increase financial dependence on state and federal government and create an incentive to issue revenue bonds with such reorganization of structure as make revenue bond issues possible. The Advisory Commission urges that state provisions on indebtedness be recast to facilitate rather than hamper intelligent choice among suitable alternative forms of borrowing by local governments. It recommends further that authority to issue bonds be legally vested in the governing bodies of local governments, subject to a permissive referendum only, on petition, and except in unusual circumstances, adoption by a simple majority vote.

Model state legislation has been proposed to provide technical assistance on bond issues and to improve the quality of the back-up materials prepared for these issues in order to reduce the cost of borrowing.

Investment of Idle Cash Balances

In one of its first reports, the Advisory Commission addressed itself to the problem of the management of financial accounts by local jurisdictions and the investment of cash funds in excess of operating needs. Investment of funds now held as demand deposits in banks, or in cash accounts, would put these funds to work earning interest and thus contribute to the revenue sources available for financing public services, such as schools.

Lags occur in the normal course between the receipt of funds and their expenditure. The Advisory Commission recommends state action (1) to remove constitutional and statutory provisions against investment of local funds, and (2) to provide state technical assistance to local units with respect to methods and types of investment and account management. Draft bills to implement these recommendations on idle cash balances are contained in the Advisory Commission publication, *State Legislative Program of the Advisory Commission on Intergovernmental Relations.*

State and Local Government Retirement Systems

The Advisory Commission in still another study report recommends a series of steps to enhance the mobility of public employees by removing the deterrents to changing employment created by the retirement provisions under many public programs. The NEA's National Council on Teacher Retirement has commended the Advisory Commission for its interest in establishing continuity and reciprocity of retirement rights for public employees, and has urged the members of the council to support and implement the Advisory Commission recommendations.

More particularly, the Advisory Commission urges (1) expansion of retirement coverage to more public employees, (2) merging of small retirement programs, and (3) intrastate reciprocal agreements for joint financing by employing governments of the retirement benefits payable under the system of the final employer. A recommendation for vesting of retirement rights after an employment period of not more than five years and for maintenance of eligibility for deferred benefits is incorporated into the legislative program on retirement proposed by the Advisory Commission. A similar position had been adopted earlier by the NEA.

Interlocal Contracts for Service

Local school district arrangements for the high-schooling of their resident students in adjacent cities suggest a method for interlocal jurisdictional cooperation in the provision of public services—a cooperation that can lead to greater economy and effectiveness in public expenditures. The Advisory Commission recommends general state legislative authority for interlocal contracts. Under such authorizing statutes school districts, if they so decided, could join together to provide certain costly or very specialized educational services. In some places, vocational-educational offerings, junior college training, programs for the home-bound child and for the mentally retarded or the physically handicapped, and in-service teacher training fall in the categories of services that can best be made available through interlocal agreement.

Draft legislation granting such authority has been developed on the basis of an Advisory Commission recommendation, and it is included in the Commission's state legislative program. Fourteen states have adopted in full the draft legislation, and all but a few have granted local jurisdictions some authority for interlocal agreements. The suggested state legislation is drafted so as to permit the use of joint agreements between or among communities whether or not they are located within a single state. Many of our large metropolitan communities are located in more than one state. The central city in an adjacent state may be far more convenient to the residents of a suburban community than places within their state as a public service center; for example, as a center for education of the mentally retarded child or the physically handicapped, or for a junior college.

The initiative taken by the educational community in consolidating high school services suggests the interest and concern with broadened authority for local interjurisdictional agreements.

Poverty and Community Program Coordination

This brief review of several of the Advisory Commission reports serves to illustrate the approach which is being followed. It provides, too, a backdrop for considering the question raised earlier on the contribution of the Advisory Commission's functions to problems of intergovernmental cooperation in the war against poverty.

The Advisory Commission's operations give evidence that an interlevel group, representative of the governments, can tackle controversial issues and reach that degree of accord required for legislative action. These operations underscore the need for planning and program coordination. While the studies and recommendations of the Advisory Commission dealing with planning have been limited to needs for comprehensive plans on physical facilities, the same type of planned approach and similar coordination devices are required in the provision of services for children and youth. The schools have a large role in elevating the expectations and performance of young people from underprivileged neighborhoods and homes. Schooling in the traditional sense has been buttressed by a wide range of other governmental activities, but many of these activities have not been designed or executed so that they work in a systematic way to reach a defined goal. In fact, the conflicts between program objectives have been apparent and the separateness of administrative responsibility, of financing, of planning, and of eligibility requirements has contributed to these conflicts.

To stay the cumulative effects of poverty on the nation's youth and to provide that equality of education needed for opportunity, for motivation, and for direction will take a re-evaluation of existing programs—a re-evaluation to determine why these programs have not broken the transmission of poverty from one generation to the next in the past 25 years. Programs will have to be recast and their administration altered to focus on upgrading, elevating, motivating, and giving concrete evidence of the opportunity for equality that education and training promise. It will take more than these steps, however. It will take a concentration of community authority for target setting, planning, budget determination, and program review. Insistence on separateness of education, or of public assistance, or of juvenile courts, in this setting cannot but weaken the attack and waste the resources devoted to it. In a number of small communities 10 or more separate agencies have some responsibility for carrying out programs for children and youth; in large cities, the number may be two or three times 10. Public expenditures for youth have been sizeable in the past; well over $30 billion was spent in 1963 for programs for children and youth; and this year the sum will, if past trends continue, be higher. Despite these outlays, we have not provided educational and supporting services that could set in process a chain of reaction to prevent the cumulative ravages of impoverishment.

Looking Forward in State and Local Revenues: A Prospective Analysis

James A. Papke

THE chronic failure of state and local revenue systems to generate sufficient funds to match the increasing costs of providing public services for a growing population and an expanding economy was much in evidence again in 1963. All but three state legislatures convened in scheduled sessions, and before adjournment, 17 had adopted new tax measures and 34 had changed the rates, bases, or administrative procedures of existing levies so as to yield some $1 billion of additional revenues. And of the 20 legislatures already in session this year, 18 are reported considering various ways of raising taxes. Since 1959, the Federation of Tax Administrators has recorded over 150 major state tax changes.[1]

To anyone familiar with the strains on state and local budgets, this frenzy of activity comes with little surprise. Until these government units reconstruct their revenue systems to respond more readily to the growth in income and production of the economy, little else can be expected. In short, due to the interaction of economic forces and political processes, the means to satisfy the increasing demand for collective wants associated with our growing affluence are lagging. Recognition and understanding of the causes of these diverging forces will go a long way toward the formulation of rational state and local fiscal policy.

But the purpose of this paper is not to develop normative goals of state-local government fiscal behavior. Rather, it is to speculate on the probable future course of state and local systems; more specifically, to project what policies will likely be pursued, given certain specified and reasonable assumptions regarding the long-range determinants of structural revenue changes.[2] These determinants have

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[1] *Tax Administrators News,* Vol. 28, No. 1, January 1964.

[2] Attention is focused primarily on tax policy. The functions and characteristics of debt policy and federal aid are sufficiently dissimilar to warrant separate treatment.

their underpinnings in forecasts of economic growth rates, population increases (size, density, composition, and mobility), and price level changes. The discussion to follow begins with a glance at the long-range prospects for state and local government expenditures, proceeds to a brief examination of existing revenue sources, and concludes with some judgments regarding expectations of future revenue-producing measures.[3]

Expenditure Projections

The logical way to begin a discussion of probable future state-local revenue sources is to establish the "need" for adjustments in the *status quo*. First approximations of the magnitude of prospective expenditure-revenue gaps are afforded by a comparison of well-received and widely-used projections of state and local government spending. Actual expenditures for 1962 and two of these projections to 1970 are summariezd below:[4]

Expenditures	*1962 Actual*	*1970 NPA*	*1970 ORRRC*
		(billions)	
Total	$58.7	$94.2	$97.5
Education	21.2	32.1	34.0
Other	37.5	62.1	63.5

Note: These figures differ from the sources due to conversions to 1962 dollars. They correspond generally to the U.S. Department of Commerce series in the national income and product accounts.

It perhaps should be emphasized that these are forecasts of what the economic and political processes are likely to produce, not necessarily what is considered desirable.[5]

The National Planning Association projection is based on an average annual rate of growth in state and local government purchases of goods and services of 6.5 percent.[6] Total outlays in 1970 are put at 94.2 billion—60 percent above the total for 1962 and almost double the level for 1960. A more recent projection appeared in a report prepared by the Outdoor Recreation Resources Review Commission for submittal to the President and the Congress.[7] It forecast expenditures in

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[3] Reference here and throughout the discussion is to the aggregative pattern of tax finance, not that of any particular state or region. The developments in specific instances will depend on such things as the nature and extent of local taxing powers, economic occurrences, political atmosphere, and existing state-local financial arrangements.

[4] See also: Eckstein, Otto. *Trends in Public Expenditures in the Next Decade*. New York: Committee for Economic Development, April 1959; and Netzer, Dick. "Financial Needs and Resources over the Next Decade: State and Local Governments" in: National Bureau of Economic Research. *Public Finances: Needs, Sources and Utilization*. Princeton, N.J.: Princeton University Press, 1961. The projections in these studies were not included in the comparison due to conceptual and target date differences.

[5] For a forward look at what one group considers ought to be size of the public sector by 1967, see: Rockefeller Brothers Fund, Inc. *The Challenge to America: Its Economic and Social Aspects*. New York: Doubleday, 1958.

[6] National Planning Association. *Long-Range Projections for Economic Growth: The American Economy in 1970*. Planning Pamphlet No. 107. Washington, D.C.: the Association, 1959.

[7] *Projections to the Years 1976 and 2000: Economic Growth, Population, Labor Force and Leisure, and Transportation*. ORRRC, Study Report 23. Washington, D.C.: Government Printing Office, 1962. 452 p. The National Planning Association also assisted in the preparation of the economic projections in this report.

1970 of $97.5 billion—representing a two-thirds increase during the eight-year period 1962-1970.

Without elaborating on the reasonableness of the assumptions underlying these expenditure projections, some general remarks are in order. In the first place, the rate of increase in state and local spending exceeds the rate of growth in gross national product, indicating a larger share of the nation's future productive output will be devoted to the public services provided by state and local governments. In the second place, projected expenditures on education show a high degree of stability in the over-all magnitudes, constituting just over one-third of total spending. And, finally, it is interesting to note that the actual rate of increase in purchases of goods and services by these governmental units over the last three years (1961-63) exceeds that employed in the foregoing projections.[8] Thus, while a tapering-off of the current trend is likely, the probabilities point toward an increase of 5 or 6 percent per year. In other words, the 1970 level of state-local government outlays will probably approach the estimated $90-odd billion (in 1962 dollars), or almost twice the 1960 level.

Before rushing headlong into the implications of this sizable increase in spending on future revenue structures, it is worthwhile probing into the present and recent past sources of state-local financing for whatever clues might be offered as to possible trends.

Sources of State-Local Financing

State governments finance their activities from taxes, intergovernmental receipts (primarily federal aid), licenses, commercial-type charges and fees, and borrowing. The composition of state general revenues in 1950 and 1962 was as follows: [9]

State revenues	Amount (billions)	Percent of total
	1950	
Taxes	$ 7.9	70.5%
Charges and miscellaneous	0.9	8.1
Intergovernmental	2.4	21.4
Total	11.2	100.0
	1962	
Taxes	$20.6	$66.0
Charges and miscellaneous	3.1	9.9
Intergovernmental	7.5	24.1
Total	31.2	100.0

In addition to these receipts, the states collected $2.6 billion and $6.4 billion in the selected years from liquor store and insurance trust fund operations, and raised $1.4 billion and $6.4 billion, respectively, from borrowings. The more than fourfold increase in annual borrowing over the last twelve years reflects both stepped-up capital construction programs and deficit financing of current operation and maintenance costs.

One of the interesting developments during the postwar period has been the slight decline in the relative importance of state taxes as a source of current revenue, coupled with a growing importance of intergovernmental receipts, primarily federal aid for highways and public assistance.[10]

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[8] Comparisons of other projections with actual developments suggest a general tendency to underestimate the growth of state and local government spending. To illustrate, in 1955 the Tax Foundation estimated combined state-local direct general expenditures would rise to $48.0 billion by 1965. (Tax Foundation. *Government Finances in 1965*. New York: the Foundation, 1955. Table 4, p. 19.) This level was reached by 1960.

[9] Bureau of the Census, Governments Division.

The yield from state taxes increased 160 percent from 1950 to 1962. As the figures on tax collections below indicate, there was an over-all uniformity in the distribution of state tax collections over the last decade, suggesting that rising revenue requirements exerted pressures which in general were apportioned fairly equally among alternative tax measures: [11]

State taxes	Amount (billions)	Percent of total
	1950	
Sales and gross receipts	$ 4.7	59.5%
Income	1.3	16.5
Licenses	1.2	15.2
Property	0.3	3.8
Other	0.4	5.1
Total	7.9	100.0
	1962	
Sales and gross receipts	$12.0	58.3%
Income	4.0	19.4
Licenses	2.7	13.1
Property	0.7	3.4
Other	1.2	5.8
Total	20.6	100.0

A somewhat greater reliance was, however, placed upon income taxes at the expense of sales and gross receipts taxes. This is explained more in terms of the general increase in the level of incomes and rate adjustments than in new adoptions.

Throughout the postwar period the general sales or gross receipts tax has been the outstanding revenue producer for state governments. At present 37 states and the District of Columbia employ the tax at rates ranging from a high of 5 percent in Pennsylvania to 2 percent in eight states. Sales tax collections have increased steadily to where they now account for a quarter of all state tax revenues. Among the most prominent developments in the field of sales taxation are: expansion of the tax base by including more services and restricting exemptions and exclusions; rate flexibility—during the past five years, 14 states and the District of Columbia raised their sales tax rates (Illinois, Pennsylvania, and Utah twice over the period); and adoption of the tax by local units as supplements to state-administered levies.[12]

Income taxes rank second in order of productivity among state tax sources. In 1950, income taxes accounted for 16.5 percent of total tax collections; in 1962, the ratio was 19.4 percent. Currently, 38 states and the District of Columbia impose the corporate and/or individual income taxes. As in the case of sales taxes, upward adjustments in income tax rates have been common. Between 1959 and 1963, 13 states raised their rates applicable to personal incomes, and 12, to corporate income.

Aside from increased rates and four new adoptions, several other patterns of income taxation are emerging. These include: the adoption of tax withholding on wages and salaries—all but eight taxing states now employ the practice; general conformity with the provisions of the federal Internal Revenue Code; closer cooperation with the federal government in the exchange of income tax data—27 states and the District of Columbia now have agreements to cross-check federal and state tax returns; greater willingness to understand and resolve the problems of taxation of multistate businesses; and extension of the tax base through limitations on deductions, with particular attention being directed to the deductibility of the federal income tax.[13]

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[10] The 1963 and 1964 tax legislation should, however, serve to increase slightly the share of the total accounted for by taxes.

[11] Bureau of the Census, Governments Division.

[12] See: Due, John F. *State Sales Tax Administration*. Chicago: Public Administration Service, 1963.

Time does not permit a state-by-state examination of tax revenues, but variations are wide, reflecting interstate differences in economic capacity, resources, prevailing attitudes toward the level of public services, the degree of local autonomy, and the like. Also, while there is a tendency toward uniformity among the states with regard to major state tax sources, the persistent pressures for stop-gap revenues have given impetus to the testing of a wide assortment of new tax sources. For example, New Mexico imposed a 5 percent tax on every coniferous or evergreen tree cut in the state, New Hampshire now has a state lottery, Texas is collecting $10 per table from billiard parlors, Massachusetts taxes trading stamps at 5 percent, and California pioneered in the taxation of pay television companies.

The current revenue of local governments for general purposes totaled $38.4 billion in 1962—up 174 percent from 1950, and roughly paralleling the trend in expenditure requirements. For 1950 and 1962, the composition of local revenues was the following: [14]

Local revenues	Amount (billions)	Percent of total
	1950	
Local sources	$ 7.0	51.0%
Property taxes	0.9	6.6
Other taxes	1.6	11.7
Nontax revenue	4.2	30.7
Intergovernmental	13.7	100.0
	1962	
Local sources	$18.4	47.9%
Property taxes	2.6	6.7
Other taxes	5.7	14.8
Nontax revenue	11.7	30.5
Intergovernmental	38.4	100.0

A substantial increase over the last dozen years is evident in nontax revenues (particularly service charges). Nevertheless, the property tax remains the bulwark of local finance, providing around 70 percent of the revenues from self-raised sources and just under 50 percent of the current revenues from all sources. The former proportion, interestingly, has not changed significantly in the postwar period. On the other hand, the latter declined somewhat between 1946 and 1950, but has since stabilized at its lower level. State transfers, especially in the form of aid to education, continue to provide approximately a third of local general revenues and equal about a half of local tax revenue raised from local sources.

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[13] A comprehensive examination of state income taxes is contained in: Penniman, Clara, and Heller, Walter W. *State Income Tax Administration.* Chicago: Public Administration Service, 1959.

[14] Bureau of the Census, Governments Division.

Perhaps the outstanding over-all development in local finance in the postwar period has been the remarkable performance of the property tax. Local property tax collections over the decade of the 1950's increased at an average annual rate of 8.6 percent, sufficient to maintain the levy's relative position as a revenue producer. And to insure its continued productivity, 32 states and the District of Columbia enacted condominium property statutes last year.[15]

Not to be overlooked in a review of the developments in local financing arrangements are the growing efforts to reduce reliance on property taxes by adopting nonproperty taxes, notably in large metropolitan areas (jurisdictions with greater tax autonomy) of certain states. New adoptions, rate increases, and general economic expansion explain the fact that local nonproperty tax revenues have been able to keep pace with property tax collections.

Prospects for State and Local Revenue Systems

What then does the preceding historical sketch, taken in combination with reasonable expenditure projections, foretell of the direction that state and local revenue systems will take during the remainder of the 1960's as viewed from a national perspective? For one, legislators, local officials, and taxpayers generally can hardly be accused of having avoided their responsibility in providing for the financial needs of state and local governmental units. The largest portion of the increase in tax revenues over the last decade can be attributed to positive changes in the rates or expansion of bases of existing levies (witness the stability and uniformity in the revenue structures). But the fact that the bulk of state-local budget policy has centered on adjustments in "old taxes" speaks of their lack of responsiveness to growth in the economy and of the presumption in favor of cultivating intensively accepted features of the tax systems.

If it is reasonable to expect, however, that state and local government spending will continue to rise at a pace exceeding the growth rate of the economy as a whole, will revenues automatically keep pace? Alternatively, can more intensive use of existing levies be expected to satisfy completely the rising revenue requirement? Experience suggests a qualified negative answer to both questions. Studies of the income or gross product elasticity of consumption-type levies (including the property tax), which are the mainstay of state-local finance, indicate a relationship of around one.[16] Consequently, automatic revenue increases will lag behind expenditure demands. Also, though existing taxes will undoubtedly be exploited further, consistent with the practice of following the path of least resistance and minimum disturbance, when pushed to extremes, the demand for additional measures will become compelling.[17] Thus, it seems, the stage is set for at least an equal volume of revenue-raising activity in the immediate and near future as in the recent past.

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[15] See *State Tax Review*, Vol. 25, No. 2 (January 14, 1964) for a brief description of these laws.

[16] That is, the percentage change in tax receipts is approximately equal to the percentage change in income or production. See, among others: Groves, H. M., and Kahn, C. H., "The Stability of State and Local Tax Yields," *American Economic Review*, March 1952; and Newcomer, Mabel, "The Decline of the General Property Tax," *National Tax Journal*, March 1953.

In what areas and on what measures will the activity concentrate? Because the number of alternatives by which the discrepancy in the prospective development of expenditures and revenues can be resolved is necessarily limited, several generalizations can be made. Some relief is likely to be realized through the transfer of more responsibility for certain functions to the federal government. But, in the main, state governments will have to take the lead in resolving their own problems and alleviating local fiscal pressures by adopting measures which will accomplish the threefold objective of providing additional permanent revenue, more adequately reflecting the changing conditions of a dynamic economy, and insuring diversity or balance so as to spread the burden of increasing high tax rates. In a word, as the weight of the budgets increases there will, in all likelihood, be a continued move in the direction of achieving greater balance in the distribution of tax liabilities as measured by income, wealth (ownership of property), and expenditures for consumption.

As indicated earlier, the trend toward the "harmonization" of revenue structures is already underway. States heretofore relying primarily on personal income taxes are turning more and more to sales taxes for additional revenues. Conversely, the traditional sales tax states are enacting personal and/or corporate income taxes, or have them regularly under consideration. More than half the states presently have both sales and personal income levies. On the direct point of the forces opposing the application of excessive rates to single taxes and the employment of both income and sales taxes to achieve the desired allocation, the Federal Reserve Bank of Chicago recently observed:

> Fifteen years ago, only 16 states employed both of these levies. This development along with the more general use of other tax measures suggests a trend toward diversification of state revenue systems.
>
> The extent to which a state can exploit any given kind of tax often is limited by the practices of other states which "compete" with it as a site for new industrial development. Substantial differences between income or sales tax rates on the two sides of a common border may well constitute a deterrent to further increases by the state having the higher rates as well as an invitation to the neighboring state to raise its rates. If spending pressures continue strong, the individual states may well move further in the direction of diversification of their revenue systems, with the types and levels of taxes tending to become more or less uniform.[18]

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[17] The movement for diversification of tax sources will, of course, depend upon the present structures in the various states. It will likely be strongest in those states which depend disproportionately on a single levy (e.g., Michigan, Illinois, and Nebraska).

[18] *Business Conditions*, October 1961, pp. 15-16.

In several states where, for various reasons, realization of some combination of broad-based state levies has encountered obstacles, the local units have taken the initiative. Pennsylvania, New York, Ohio, and more recently Michigan are examples. The further broadening of local taxing powers will probably serve to take some of the onus of recommending and raising taxes from state officials. It does not appear likely, however, that the extension of authority will take the form of residual "tax-anything laws" similar to Pennsylvania's, but instead will be granted selectively to those units of sufficient size and resources which can effectively administer completely independent local levies.

Also at the local level, the pressures for relieving the tax burden on property will likely take the form of more extensive employment of user charges coupled with the assumption by states, either directly or indirectly through expansion of state aid, of responsibility for more functions. This is not to say, however, that the taxation of property will decline in any absolute sense or be supplanted by other revenue sources. On the contrary, all indications point to increases, but the relative importance of property taxes in state-local revenue systems will be reduced. Administration of the tax will also be improved.

As more and more states employ combinations of broad-based levies and remain sensitive to interstate and interlocal competition, the motive, the alternatives, and the machinery for fostering coordinated state and local tax policy are supplied. The comparative advantages, as measured by ease of administration and compliance and local responsibility, of supplements to state-administered taxes will make this device particularly appealing. On the other hand, the realities of politics combined with wide differences among communities in the relative size of tax bases will serve to promote the increased use of tax sharing.[19]

To summarize, in discussing the composite picture of future changes in state and local revenue systems, the intent was to place major responsibility on the states to determine whether present and future financial problems are to be resolved effectively and efficiently. By implication, at least, it is suggested that long-range budgetary considerations extend beyond the boundaries of local jurisdictions. It is the states which must ultimately assure adequate standards of performance, and it is the states which must innovate, initiate, and supervise improvements in the property tax and provide acceptable alternative means of raising additional revenues. Thus, if a single central problem confronting the states in the immediate future can be identified, it is the resolution of the conflict between expediency and rationality in taxation. The conclusion that revenue systems will be revised seems inescapable; if, at the same time, they can be reformed, then the need for future structural changes will be minimized.

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[19] For a thorough discussion of local nonproperty taxes including selected recommendations, see Advisory Commission on Intergovernmental Relations. *Local Nonproperty Taxes and the Coordinating Role of the State*. Report No. A-9. Washington, D.C.: the Commission, September 1961.

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